

FINANCIAL TIMES.



Prementale a life

with might school

trespectual property

Pench Socialists' con

Text for Tokyo

rmyn Street Sale

Molidays

Cricker

Politics and the franc



Japan in Europe Mitsubishi joins the battle



Congested skies EU charts a new flightplan



new trade forum

Deutsche

Telekom

threat to

postpone

flotation

The German government will today come under pressure from

private and public sector operators to speed up preparations for the liberalisation of the federal

Dcutsche Telekom, the state-

owned utility, yesterday set the

tone for today's meeting between

industry and government offi-

cials in Bonn, with a warning

that its flotation, planned for

early 1996, could be postponed if future market regulotions are

Mr Wilhelm Pällmann, Tcle-

kom's acting chairman, said the

prestigious project would have to be suspended if management

was not told soon how mnny

licences were to be issued to pri-

vate competitors and which ser-

vices were to be liberallsed. The only point in the govern-

ment's timetable fixed so far was

monopolics on network opera-

tion and public telephone services would end, he said.

Similar demands, although with

ont the threats, are expected

from would be competitors,

These include the energy-based conglomerates RWE, Veba and

Viag, which have already presented written submissions call-

not fixed this year.

telecommunications market.

By Christopher Parkes in Frankfurt

TUESDAY JANUARY 31 1995

Militants blamed after car bomb kills 38 in Algiers

A car bomb exploded along a crowded street near Algiers' main police station yesterday killing at least 38 people and injuring about 256, security forces said. It was by far the worst bombing during a three-year insurgency by Islamic militants that has killed an estimated 30,000 people. France tries to step away from conflict, Page 9

Mediators present Croatian peace plan: International mediators yesterday presented a new peace plan to the Zagreb government and breakaway Serb leaders in Croatia in an attempt to end the conflict in the former Yugoslav republic. Details of the plan, drafted by US, Russian, European and UN mediators, have yet to be made public.

PM gives Hurd assurance: The UK prime minister's office said Douglas Hurd's future as foreign secretary was "under no threat" and accused Conservative Eurosceptics of running a campaign to destablise him. Page 20



an nationalist parties merge:
The neo-fascist Italian Social Movement (MSI) that kept alive the flame of Mussolini'a ideals for almost 50 years has National Alliance (AN), created last year hy Gianfranco Fini (left), the former MSI leader. The MSI/AN obtained 13.5 per cent of the vote last March and polls give

it close to 18 per cent, making it the third largest political group in Italy. Page 2

Glaxo and Wellcome to publish early: Glaxo Holdings and Wellcome are to publish their profits figures ahead of schedule in an attempt to gain the initiative in their propaganda war. Page 20

Israel scraps new tax plan: Israel's finance minister, caved in to political and public pressure and cancelled a controversial capital gains tax on stock market profits marking an embarrassing U-turn in economic policy. Page 9

Japanese Industrial output rises: Japan recorded its first annual rise in industrial output for three years. Industrial output fell 0.5 per cent from November to December, leaving output for 1994 up 0.8 per cent. Page 4

Marsh & McLennan report growth: Marsh & McLennan, the US insurance broking group, reported a 12 per cent advance in after-tax profits for 1994, led by growth in its investment management and consulting businesses.

Trouble at Peugeot plant: Troublemakers are trying to wreck the performance of Peugeot Talbot's Ryton plant at Coventry in the UK, the Frenchowned motor vehicle group said. Page 13

Payout for Maxwell creditors: Creditors to the failed Maxwell Communications Corporation could get a first dividend payout as high as 17 per cent soon; according to a report from the administrators published yesterday. Page 13

Passenger Increase helps BAA lift profits: A growing number of passengers spending more in airport shops helped lift nine months' pre-tax profit at BAA, the UK airports group, by 12.3 per cent to

£328m (\$512m). Page 23; Lex, Page 23 Peru claims border victory: The Peruvian army said it had dislodged Ecuadorean troops from a disputed border post along the Cordillera del Condor in the north. Neighbourly dispute, Page 19

Former Irish PM a Nobel nominee: Former Irish prime minister Albert Reynolds has been nominated for the Nobel peace prize for his role in persuading republican guerrillas to lay down arms to give Northern Ireland its best chance of peace in a generation. Ha was put forward by former ministerial colleagues.

US extends nuclear test deal: President Bill Clinton, aiming to improve the chances for extend-ing the nuclear non-proliferation treaty, has extended a moratorium on US nuclear tests beyond

this year. Page 9 Mitsubishi unveils European car: Mitsubishi Motors, the third largest Japanese vehicle maker, unveils its first European-built car at the Amster-dam motor show today. The new range of large family cars will be produced at a joint venture plant developed with Volvo, the Swedish carmaker, at Born in the Netherlands. Eyes on the fast lane,

STOCK MARKET INDICES	= GOLD
New York Jones Ind Av	Hew York: Cornex (Fab)
NASDAO Composite754.62 (-4.29)	\$376.8 (376.8)
Europe and Far East: CAC401,813,43 (-0.70)	London:
DAX 2,935,03 (+3.33) FT-SE 100 2,995,9 (-26.3)	close\$375.6 (378.35)
Mildrei 18,752.8 (+648.53)	May York kinchtine:
	£1.593
II US LUNCHTIME RATES	DM1.5045
Federal Funds	Ffr5.225
3-min Treas Blis: Yid5.861%	SFr1.26875
Long Bond	Ÿ98,4
	London:
TOTHER RATES	£1.5908 (1.592)
URC: 3-mo Interbenk634% (633%)	DM1,5099 (1.51/9)
UK: 10 yr GM8763 (87%)	Ffr5.241 (5.2485) SFr1.272 (1.2713)
UR: 10 yr GR 8783 (87%) France: 10 yr QAT95.74 (95.95)	y 98.585 (99.1)
Germany: 10 yr Bund 99.54 (99.75)	
Japan: 10 yr JGB96.394 (96.424)	sterling
MORTH SEA OIL (Argus)	DM24019 (2.4069)
Brent 15-day (Mer)\$16,49 (16.43)	Takya clase: Y 99.19
Austria Set 25 Greece Drill Mellin	Lm0.60 Cater OF13.00
Bahala Dint.250 Hong Kong HK\$18 Morocco	MOH15 S.Arable SR11
Belown 8570 Hungary P185 Nath	FI 4.25 SINGEPORESTAND
Bulgaria Lart 90.00 feetand #0220 Nigeria	Neiss90 Slovak RpKSL60
Cyprus CC1,10 india Rs75 Norway	NK/18.00 S. Africa R12.00 OR1.50 Scain Pts225
Czech Rp C2055 Israel State Commo	OR1.50 Spain Ptx225 Rs40 Sweden SKr17
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	ZI42,000 Switz SE60.00
Estonie EKr 20 Jordan J01.50 Poland Priland PM:15 Kuwelt Fills.825 Portugal I	
France FFri0.50 Lebaron US\$1.50	Es230 Turkey L40,000
Gennary District Lin. LF170	UAE Dh12.00

Markets fall over worries that \$40bn loan package may collapse

Clinton bids to seal Mexico aid

By George Graham In Washington

President Bill Clinton yesterday launched a concerted attempt to push through a reluctant Congress a \$40hn loan guarantea package aimed at helping Mexico vercome its financial crisis.

Fears that the package might collapse sent the Mexican peso and Mexican equities tumbling, affected other Latin American markets and hit Wall Street, where the Dow average was down to provide the pr down 40 points in afternoon trad-

As he embarked on a series of public speeches and private telephone calls, Mr Clinton said ha was optimistic that the rescue package would pass "because more often than not in very difficult issues the Congress does the right thing".

Mr Robert Rubin, the treasury secratary, said the president called on Congressional leaders to produce a final hill within the day. Mr Newt Gingrich, the Republican speaker, responded by saying this was "possible, but not probable".

Pessimism about the outlook for the package pushed the Mexi-can peso to a historic low of 6.375 pesos to the dollar, more than 11 per cent down on Friday's close. The Mexican stock market fell by 2.61 per cent by midday, as traders worried whether the govern-ment could continue to maintain the peso's convertibility in the face of continued outflows of dol-

Argentina's stock market was down 6.9 per cent, and Brazil closed 5.4 per cent lower. Worries about Mexico pushed the dollar down, hitting a low of DM1.50 at lunchtime in New

Other markets also suffered.

US treasury secretary Robert Rubin, left, at a news conference on Mexico yesterday, with former national security adviser Brent Scowcroft, former secretary of commerce Robert Mosbacher and former US ambassador to the Organisation of American States Sol Linowitz Associated Press January 1 1998, when the state

Republican and Democratic negotiators, who have gone through a dozen drafts authorising the loan guarantees, were working yesterday on a new ver-sion which Mr Jim Leach, chairman of the House of Representatives banking committee and the bill's chief draughtsman, said he believed could reach a "50:50 con-

All the drafts incorporate the core of the administration's request a US guarantee for up to \$40bn of Mexican borrowing, with Mexico paying an upfront fee to cover US costs. ar [1777]... tolliance inadequate language on labour rights, but Mr Leach said yesterday he believed that his new draft should satisfy them. "There's a lot of labour in this bill," Mr Leach said.

ing revenues from its petroleum sales as security against default. The haggling has centred on peripheral conditions that members of Congress have wanted to attach to the authorising legisla-

tion, covering issues such as immigration, prisoner exchanges and labour rights. Democratic negotiators on Fri-day rejected a draft they thought contained inadequate language

Congressman Robert Matsui. one of the hill's principal Democratic backers, expressed confidence that the loan guarantees would pass once a text was com-

He said that although few members had yet endorsed the package, only 30 or so had

opposed it outright.

But the plan is still a long way from receiving majority support from either the Democrats or the Republicans, especially the first term members who view it as a distraction from the "Contract with America" agenda on which

they were elected.
"This is obviously an unchosen

issue at an unwelcome time, hut that doesn't mean it's an issue that can be ducked," Mr Leach

Mr Clinton yesterday acknowledged that the loan guarantee plan was "not politically popular back home" as he lobbled for support at a meeting of the National Governors' Association. Nevertheless, it was "clearly in the interests of American workers, American businesses and the United States as a whole," he told

ing for the basic regulatory details to be established before the end of this year. Mr Pällmann urged all fedcral government parties and regional parliaments to form a "grand

coalition" to agree a new law governing the telecoms market. In an earlier, written presentation to today's meeting, Telekom said it was unrealistle to expect international investors to boy Telekom shares in 1996 at a time when future competitive conditions would still be unknown.

According to the German post and telecommunications minister, Mr Wolfgang Botsch, a draft hill to replace existing telecoms legislation is due to be presented in the second half of next year. A senior ministry official yesterday attempted to defuse the tension with a suggestion that tha "preparation" of a draft

Continued on Page 20

Flood waters rising in north-west Europe

85,000 people told to evacuate their homes in the Netherlands

Water levels continued to rise yesterday in north-western Europe, prompting authorities in the Netherlands to arge 85,000 people to evacuate their homes, while the Belgian. French and German governments took emergency measures.

At least 16 deaths in France have been attributed to the torrential rains over the past week and another five people are missing. The death toll in Belgium was put at six and in Germany officials said at least two had died. In the Netherlands, rising water levels quickly continued province of Limburg to threaten river dykes, forcing authorities in the province of Gelderland to prepare for the evacuation of villages and towns along the Waal and Meuse rivers.

In Belgium, emergency workers said water levels were fast reaching the levels of December 1993, which were the worst for more than 60 years.

Nearly half the French departments have been affected by what the prime minister's office yesterday called the "Flood of the Century". Officials said a deci-

few days on whether to declare a state of national emergency.

Mr Edouard Balladur, the prime minister, will visit the Ardennes today to inspect the damage. In Paris, the Seine continued to rise, and roads along its banks were closed and sub-

In central and western Germany, the waters of the Rhine, and its tributaries the Main and the Mosel, were rising steadily. Observers say the Rhine is set to exceed record levels of 1926, and vacate their offices in Bonn. The devastation, which has left. large tracts of Cologne and many

Rhineside towns under water. has led to calls for special assistance. Mr Theo Waigel, Germany's finance minister, has Indicated be is thinking about compensation for flood victims.

The cabinet is due to discuss

the issue of improving co-ordination of flood control at its next meeting tomorrow, amid calls for a shift in responsibility from the Länder, or states, to the federal environment ministry in Bonn. European oil and commodities

Continued on Page 20

some members of parliament to north from the stricken southern sion would be taken in the next KHD to sell tractor unit in \$600m emergency rescue

Since 1987, when KHD first ran

into trouble, there have been sev-

jobs have been shed

eral disposals and about 18,000

Rints that things might be

going wrong again at KHD

emerged in August last year, fol-lowing reports that the group

However, Mr Hilmar Kopper,

Deutsche Bank's chief executive

and the head of KHD's supervi-

would fall short of its targets.

By Michael Lindemann in Bonn and Andrew Baxter in London

Klöckner-Humboldt-Deutz (KHD). one of the world's leading makers of diesel angines, yesterday announced an emergency DM919m (\$600m) rescue package that will cost Deutsche Bank, Germany's biggest bank, about DM500m.

The struggling Cologne-based group, in which Deutsche Bank bolds a 36 per cant stake, announced losses of DM358m for 1994 because sales had been worse than expected and it had been unable to meet all its costcutting targets.

KHD, one of the best known names in German engine making, will also sell its farm equipment division to Same, the Italian tractor maker, creating a new force in the fragmented European trac-

KHD has been struggling with a slowdown in demand for engines and tough international competition from US and other The KHD announcement marks the second big setback for the

group in the past eight years.

sory board until the beginning of this year, dismissed the reports as "irresponsible". KHD admitted yesterday that, cause its earlier restructuring had exhausted group reserves, it needed an emergency rescue

package of DM919m. A group of 10 German banks has until February 8 to underwrite the package, but Mr Werner Kirchgässer, KHD's chief executive, said Deutsche Bank had given the go-ahead at a meeting with KHD's management yesterday morning.

The package includes a capital injection of DM179m and a capital write-down of DM340m. KHD

also hopes to raise DM50m by issuing convertible participatory certificates and Deutsche Bank has agreed to write off debts worth DM150m.

KHD will also ask Deutsche and other banks for extra loans worth DM200m.

KHD is not expected to break even until 1996, Mr Kirchgässer said. It hoped to receive DM159m for the farm machinery business which makes tractors, combine harvesters and other equipment but, because of related restructuring costs, KHD would lose about DM100m on the deal.

The sale of the loss-making agricultural machinery division, which represents about 17 per cent of turnover, means KHD would be left making diesel engines and industrial plant. As part of the restructuring.

water-cooled engines which were selling well, Mr Kirchgasser said. Following the capital writedown, Deutsche Bank and Allianz. Europe's largest insurance company, will hold 48.6 per cent of KHD. The remaining shares are owned by around 25,000 small shareholders, the company said.

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CONTENTS Share information ... London SE . FT World Actuatives. Well Street -Foreign Exchanges Gold Markets Int. Cap Mids LIK News at .12.13 # FT Exports Managed Funds

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LONDON - PARIS - FRANKFURT - STOCKHOLM - NEW YORK - TOKYO

Labour groups

in Madrid plea

Spain's two main trade unions joined forces yesterday with the employers' confederation and the association regressing small businesses to call on parliamentary parties to resolve "a panorama of political uncertainty that is becoming uncustainable". They said in a statement that incipient domestic recovery was endangered by the "perception of political instability that is reflected in the financial markets, at home and aboard and in the media". The document stressed the constitution laid down two courses of action to end a political deadleck—a motion of confidence or the dissolution of parliament — but

motion of confidence or the dissolution of parliament - but stopped short of favouring one. The Prime Minister Felipe González is wary of the first option as his Catalan nationalist

allies are unwilling to back the government; he rejects the second because his Socialist party is likely to lose the ensuing elections. The conservative opposition is, meanwhile, unwilling to table a censure motion as it lacks the parliamentary support to win it. Tom Brans, Machiel

Banker wary on single currency

ussy, the president of the European Monetary Institute, the embryo European central bank, and by the Bank of France. Mr. Duisemberg also said there was "no chance" a majority of EU countries would be ready to create a single currency in 1997, but they would doubtless be ready by the second deadline of

Poland, Russia write off debt

Mr Wim Duisenberg (left), the head of the Dutch central hank, yesterday became the

third top European banker in three months to argue that a

single European currency should exist alongside national currencies for a long

period Mr Duisenberg said it would be possible to intro-

duce a European currency

which would circulate along

side national currencies and

then replace them, but that would take at least a genera-

tion. He seemed to echo a line

taken by Mr Hans Tlelmeyer, the president of the Bunden-bank, Mr Alexandre Lambi-

EUROPEAN NEWS DIGEST

Hungarian coalition loses its backbone

the weekend, the Hungarian government is losing the only senior Socialist minister who clearly understood the gravity of the country's economic problems and was prepared to tackle them head-on.

His resignation, which came after a battle with party hardliners over privatisation, has severely shaken the high hopes that many in the business community had for the Socialist-Liberal government, which replaced an unpopular conservative administration last summer. It raises the spectre of a government of drift likely to bow to populist pressures for less painful reforms rather than carry through the tough stabilisation measures proposed by Mr Bekesi and accepted as the coalition's offi-

cial economic policy. Even before Mr Bekesi's resignation, many doubted the government's commitment to its ambitious economic programme. It had aimed to complete the country's transition to a market economy by the end of its term in 1998 by accel-erating privatisation, radically overhauling the country's streamlining public adminisFinance minister Laszlo Bekesi's resignation raises spectre of drifting government, says Virginia Marsh

The Hungarian central bank said yesterday it would increase reserve requirements for commercial banks from tomorrow as part of a number of recent measures to rein in liquidity, Reuter reports from Budapest. The reserve requirement will rise to 14 per cent from

Economists, however, said more steps were needed if the country was to improve its fiscal and current account balances and keep inflation in check.

In recent weeks the National Bank of Hungary has eliminated its currency swap

12 per cent.

tration and finances and adopting a new fiscal system. Instead, the first six months of an administration which promised professional government have seen constant bickering, few important measures, a slowdown in privatisation and a string of dismissals or

resignations including the

heads of privatisation and the

Laws such as bills on privatisation and the media promised for the autumn have been delayed. The budget for 1995 is widely considered as unrealis-

central bank.

and one-month repurchase facilities and increased the base lending rate by three

points to 28 per cent. In the opinion of Mr Gabor Papanek. general manager of the independent economic think-tank GKI Gazdasagkutato Rt. the bank's moves will help ease growing inflationary pressures. He expects them to reduce domestic spending and demand for imports, belping to lower

balance of payments, which reached \$4bn last year. They could also boost savings and make

high government spending ruptcy. I hope we can avoid a

the abortfall on the current account of the

domestic financing of the budget deficit a little easier, he said.

Consumer prices rose about 20 per cent last year and will increase by some 25-26 per cent this year thanks to sharp increases in utility prices.

Mr Papanek said that without fiscal changes and moves to help exporters, the central bank's efforts would be wasted. Smart little moves like the ones the national bank has taken can be pretty effective. But reducing the money supply is just one of many things this country needs." he said.

tic with the central bank which has contributed to a

Mexico-type collapse." This year alone the government is budgeting on more than \$1.2bn in privatisation revenues to pay its debt and on a similar amount of direct foreign investment to offset the current account deficit which rocketed to a record of nearly \$4bn in 1994.

But these targets seem too ambitious. The resignation of Mr Bekesi has dismayed foreign investors, already rocked by the government's last minute cancellation of a high promonth, the sacking of its high-ly-respected privatisation chief, Mr Ferenc Bartha, another prominent reformer, and a two-monthal bank governor.

The uncertainty has this month wiped 287 points or 20 per cent off the country's fledg-ling stock exchange, which fell 69 points yesterday on news of Mr Bekesi's resignation.

One diplomat said yesterday: "With no finance minister, no central bank governor and a coalition clearly divided over economic policy, one can only expect caution and concern from foreign investors."

Few, however, expect an early end to the uncertainty and confusion sparked by Mr Bekesi's resignation and many fear it will trigger the collapse of an already strained Socialist-Liberal coalition.

Mr Bekesi's appointment as finance minister and the Socialist's acceptance of his economic reform package were important factors in persuading the Free Democrats, the junior partners, to join forces with the former communists. Analysts say Mr Bekeai's removal and a shift to a more populist economic policy will only exaccerbate differences between the two ruling parties.

Rebel Serbs offered broad degree of autonomy in two areas of country

already saying further cuts in

spending are necessary to meet the target deficit of 5.5 per cent of gross domestic product. The

few reforms made, such as cuts

in government expenditure

and rises in value added tax and energy prices, were only accepted by hardliners in the

cabinet led by Mr Gyula Horn,

Socialist prime minister, after hard lobbying from Mr Bekesi.

Bekesi, fear that by failing to

tackle structural reform and

Economists, including Mr

New plan to settle Croatia conflict

By Paul Adams in Belgrade

International mediators yesterday presented a new peace plan to the Croatian government and breakaway Serb leaders in Croatia in an attempt to end a conflict which tore the former Yugoslav republic apart in 1991 and has simmered ever since.

Details of the so-called Z-4. drafted by US, Russian, European and United Nations mediators, have yet to be made public. However, it is thought the plan, revised since its inception last year, offers rebel Serbs a broad measure of autonomy in two parts of the indisputable."

By Hilary Barnes

(\$167m).

Denmark's relations with its

largely self-governing territory

the Faroe Islands have been

badly shaken by a banking crisis which has cost the island

government about DKrlbn

Denmark, which retains con-

trol of the North Atlantic

islands' foreign, defence and

monetary policy, has refused to set up a judicial inquiry into how Den Danske Bank, the

largest Danish bank, relin-

quished its majority ownership

of Foroya Banken, the islands'

biggest bank, in March 1993

shortly before the latter was

forced to turn to the govern-

ment to cover mounting debts.

ment has unanimously called

for a judicial inquiry, which would have strong powers to demand evidence. But Mr Poul

Nyrup Rasmussen, the Danish

prime minister, says that

would take too long and cost

too much. He has offered,

Southwark Bridge, London SEI 9HL FRANCE:

The Faroe Islands' parlia-

Faroe-Danish

by bank row

country where they form a

Serbs living in other parts of the self-declared Republic of Serbian Krajina would be expected to reintegrate into Croatia. The government in Zagreb would be forced to observe strict buman rights laws to protect Serb minorities. Croatia's President Franjo Tudiman has already indicated the new plan may be acceptable. He told a meeting of businessmen at the weekend: "Naturally, we will be delighted to

However, fundamental differences remain. The Croatian government is reluctant to cede the high level of antonomy to the Serbs whom they blame for the 1991 war which left about 10,000 people dead or missing and created more than a million refugees.

The Serbs are equally determined to cling to their hardwon independence. Aided by the Serbian president, Mr tured a third of Croatian territory in 1991 following Zagreb's accept any proposal starting decision to secede from the foroff from the assumption that Croatia's territorial integrity is mer Yugoslav federation. Internationally-sponsored

ceasefire last March and an agreement in December covering economic issues. But a political settlement remains elusive.

\$28bn gross foreign debt, the

largest per capita in the former East bloc, Hungary will lose the trust of foreign investors

and the chance for sustainable

Mr Bekesi warned in an inter-

view yesterday. "That country

had better economic indicators

than Hungary, the backing of international financial institu-

tions and the US. But private

investors have turned away

and led that country to bank-

"Just think about Mexico,"

growth and stability.

The key, as always, may lie with Mr Milosevic, Speculation has grown in recent months that be may finally recognise Croatia, forcing the Krajina Serbs to reach an accommeda-

The Croatian foreign minister, Mr Mate Granic, is expected in Belgrade in mid-February, at which time Yugoslavia and Croatia may exchange

By unveiling their plan, the negotiations resulted in a 2-4's sponsors will be boping to

persuade Mr Tudjman to reconsider his decision not to renew the UN mandate when it expires at the end of March. Observers fear that peacemaking will be the first casualty if the UN is forced to withdraw from positions it has occupied for the past three years. Croatian Serb forces remain

beavily involved in fighting in the north-western Bosnian enclave of Bihac. UN officials in Sarajevo said yesterday that 900 artillery and mortar explosions had been recorded near the town of Velika Kladusa In the previous 24 hours. Most appeared to come from Croatian Serb positions.

European team says rights

By Chrystia Freeland

A European fact-finding mission yesterday reported bnman rights violations in Russia's war with the breakaway Chechen republic, but could not confirm allegations that Russians are systemati-cally torturing Chechen prisoners of war.

Fighting continued yesterday in Grozny, the Chechen capital, and in other parts of the republic, but there were no reports of Chechen attacks on other Russian cities.

Over the weekend Chechen leaders, who have been accused by Moscow of baving ties with mafia groups, on Russian cities could begin soon, but Russian officials have dismissed the threat.

Mr Istvan Gyarmati, head of the Organisation for Security and Co-operation in Europe delegation which visited Chechnya over the weekend, said that "the use of the armed forces on such a scale and the methods they used goes

beyond our principles". Another member of the delegation said that a senior Russian general told the OSCE team that Chechen forces were well armed and trained and that, despite the Kremlin's declaration of victory, the war

was by no means over.
The OSCE team also warned that the conflict had created a "human catastrophe" by displacing an estimated 150,000 refugees, most of them living in insanitary conditions without access to running water or

medicines. The war in Chechnya, now in its seventh week, continues to undermine public confidence both in the Russian gov-

erument and in the rouble. In an opinion poll published this week 72 per cent of Russians said they did not trust President Boris Yeltsin, np from 66 per cent earlier in the

The rouble, which has been falling steadily since the beginning of the conflict, reached another historic low yesterday of 4,034 against the

"European defence cannot be

constructed outside the Atlan-

tic alliance," he said, adding

that therefore "the extension

of the Union .. will sooner or

later entail expansion of Nato".

this as a threat, but Moscow

had to behave better than in

recent weeks in Chechnya.

"The Chechnya crisis is a step

backwards that cannot be

purely and simply ignored.

Russia has to show us - as we

hope - this error with tragic

consequences for the civil pop-

ulation is not a turning point

Russia should not regard

violated in Chechnya

Poland and Russia yesterday agreed to write off mutual debts accumulated between the early 1980s and 1992. The deal can-cels 12bn in debts in transferable roubles used within Comecon, the former Soviet trading bloc, where the Russians owed more than the Poles, and \$2.5bn in hard currency where the Poles owed more than the Russians. Poland should see the value of its external debt - \$49bn at the end of October - cut by 32bn under the deal signed in Warsaw. The signing comes ahead of a long-delayed visit to Warsaw next month by Mr Victor Chernomyrdia, the Russian prime minister, aimed at concluding a \$2bn gas pipeline project which would carry gas from the Jamai peninsula in Siberia across Poland to Germany. Paris Club governments cut Polish debts by half in 1991, and western banks followed last autumn with a 49 per cent reduction. Christopher Bobbaski, Worsans

1999. AFP. Paris

French cable TV networks sold

The Caisse des Dépots et Consignations, the French state investment institution, yesterday announced it had completed the sale of its cable television networks to Lyonnaise des Eaux, the water and utilities group, and France Telécom. The deal, which is worth a total of about FF1800m (\$153.8m), meens Lyonnaise des Eaux now represents just over 30 per cent of the French cable market, slightly ahead of Générale des Eaux, its water and utilities rival. France Télécom consolidates its position as the third largest player, with about 23 per cent of France's cable subscribers. Lyonnaise des Eaux paid FFre91m for its share of the cable activities of the Caisse des Dépôts. Like other French cable operators, it has yet to make a profit from the sector, but regards cable as a contral element in its strategy of diversifying into communications and telecoms. The company is likely to push for government approval to use telecoms services on its cable network. Mr Cyrille de Peloux. chairman of Lyonnaise Communications, said the capacity of its cable networks would be expanded through the introduction of digital compression systems in 1996. He said this would allow an increase from 35 to about 400 channels. John Ridding,

Strikes hit German engineering

West German engineering companies were hit by a series of warning strikes yesterday by employees seeking a 6 per cent pay rise. Employers have not reacted to the pay claim by the IG Metall trade union with a formal offer, which has angered union leaders. They said the employers had wasted the past four weeks of the statutory cooling off period. Further talks have been set for the second week of February. Mr Dieter Kirchner, head of Gesamtmetall, the engineering employers' federation, has said this year's pay award should be similar to last year's 2 per cent. This would barely match inflation and Mr Walter Riester, IG Metall's deputy head, said the union would not accept it. Plants in Lower Saxony, Hesse, Baden-Württemberg and the Rhineland Palatinate were among those affected. The union claimed that nearly 30,000 workers took part in rallies and stoppages, some lasting a few hours and others the whole day. Porsche, the Stuttgart-based luxury sports car maker, was among companies hit by the strike. Andrew Fisher, Frankfurt

ECONOMIC WATCH

Oslo's current account boosted

Current account balance, MKr bn

Source: Detastroom Jan-How payments while there was an

Norway's current account surplus increased to NKr26.19bn (\$3.9bn) during January-November last year from NKr18.47bn in 1993, supported by a 31 per cent net reduction in the outward flow of interest and dividend payments, the Central Bureau of Statistics said. Net interest and dividend payments in less year's 11-month period full to NKr19.08bn from NKr27.79bn in the comparative period in 1993. The bureau said there → was a reduction of NKr6.8bp. 1988 89 90 91 92 93 94" in the outflow of dividend

increase of NKr2.6bp in foreign interest payments. The trade surplus of goods and secvices dipped by 2.3 per cent last year to NKr45.270n, representing a reduction of NKr989m from 1993. This stemmed from an increase in the value of imported services. Nevertheless, Norway's crude oil production last year rose by 12 per cent to a record average 2.67m barrels a day - most of which is experted - which helped underpin the trade surplus, despite a decline of \$1.09 in the average price per barrel of oil to \$15.97 in 1994.

Karen Fossli, Oslo I italian retail sales in the first nine months of 1994 were to 3.8 per cent from a year earlier, according to the statistics bureau, Istat. The food sector registered a 6.5 per cent rise in retail sales from a year earlier, while non-food retail sales. were up 2.0 per cent.

■ West German import prices rose by 0.6 per cout in 300 ber 1994 from November, when they rose 6.8 per cent of on-month. Year-on-year the rise was 2.9 per cent daily with 22 per cent in November.



Sjovinnubankin, which was controlled by the islands' government. The move was part of a government plan to bring all the banks under central con-

Bank slipped ont of its obligation as majority owner to pump more money into the By late 1993, Foroya Bank-

en's losses had increased by much more than expected and new capital was required now a responsibility of the Faroese government. According to last year's Danish governmental economic advisory commission, the affair has cost the islands' administration about DKr1bn.

instead, an inquiry by a panel However, Mr Bjorn á Heygum, chairman of the Faroese parliament's legal committee, responded that "the Danish government was involved in the bank affair. We do not believe that an inquiry on



trol in order to simplify handling their debt problems, which had been caused largely by the islands' economic By this manoeuvre, Danske

"There is a widespread view on the Faroe Islands," it said, "that Den Danske Bank, helped and assisted by the Danish Finance Industry Supervisory Authority, misled the Faroese government with a view to shifting the loss from Den



The Faroese capital, Thorshavn: its parliament wants judicial inquiry into the dispute



Danske Bank to the Faroese people."
It added, with more than a

touch of irony, that the bank "no doubt realised sooner than the Faroese government that anything could happen, but there is nothing unethical in being the first to see a risk."

The affair has worsened already troubled relations between the two governments. The possibility of oil and natural gas being found on the Faroese continental shelf has raised the question of what share in any profits should go to Denmark. Discoveries could make the islands financially independent, but the Parces need Danish help in negotiations with Britain over where the sector boundary should go between the Paroese and British economic zones, an issue which may end up in the inter-

national Court at The Hague. Faroese bitterness over the bank affair has been stoked by the economic crisis which hit the islands in 1991-92. Unemployment on the islands, which have a population of 43,000, is around 25 per cent, and would be higher but for the fact that

about 10 per cent of the popula-tion has emigrated. Gross domestic product has fallen by at least a quarter since 1989, and the islands are deeply indebted. The ratio of government debt to GDP was estimated by a Daniah economic commission last year to be about 175 per cent. The crisis was caused by a wild fiscal policy expansion in

the 1980s, including massive subsidies to the islands' only export industry, fisheries. However, the industry collapsed in the early 1990s, because of overfishing, move-ment of fish stocks and falling Last year, Denmark subsi-

dised the islands to the tune of DKrlbn, equal to about 20 per cent of GDP, and also provided loans of about DKr3bn to avert the government's bankruptcy.

Juppé envisions 'new contract' for Europe

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Alain Jnppe: 'the Chechaya crisis is a step backwards'

By David Buchan in Paris

France should galvaniae Europe into becoming "a major actor on the international scene" and into forging a new security pact with the US and a partnership with a "law-abid-ing" Russia, Mr Alain Juppé, the French foreign minister, said last night.

In a wide-ranging speech, Mr Juppé bluntly developed France'a ambitions for the European Union of which Paris currently holds the presidency. "Stripped of any desire for conquest, at peace with itself, Europe must, under our impulsion, affirm Itself as a major actor on the international scene, because more than others it [Europe] has the desire to conciliate order and respect of national identities."

The new EU should be built on "a new contract" between France and Germany, evidently along the lines of the new version of the 1963 Franco-German Elysée treaty proposed by Prime Minister Edouard Balladur last November, and based on monetary union and new efforts at cultural and political rapprochement

between Paris and Bonn. ship would in no way exclude EU partners, particularly the UK. "For France as for Germany there is no question of isolating or rebuffing Britain," Mr Juppé said.

But this reinforced relation-

Indeed the French minister said be hoped next year's EU constitutional conference would "synthesise three great visions - that of Germany, determinedly federalist, which

polarises its energies on Europe, particularly its internal aspects; that of France which marries its strong state tradition with its desire to affirm the European identity in the world and to share with Spain and Italy a strong Mediterranean dimension; and that of Britain which brings its own world vision and its wish to preserve the best in national identities."

Far from slighting the relationship with the US, Mr Juppé called the Franco-American relationship "the most visible factor of dynamism" in Nato. If the EU can give itself a proper common defence policy at its 1996 conference, it should go on to negotiate "a new transat-lantic charter" with the US. But Mr Jnppé was even more

backwards." "Russia knows the rules of national sovereignty."

the European game. She knows what these permit and what they forbid, even when it is a question, which no one contests her right, to defend her

Foreign minister seeks to revive Franco-German understanding without excluding UK

The state come

READOREST

NEWS: EUROPE

Austria hit Madrid by scandal of arms plot

By Eric Frey in Vienna and Bernard Gray in London

Austria's fragile coalition government is under pressure after a leading Social Demo-cratic party (SPOe) official was forced to resign because of his role in an hungled attempt to use a weapons deal for illegal party financing.
Mr Peter Marizzi, the secre-

tary general of the SPOe, stepped down on Sunday following the publication of a taped conversation of him discussing a scheme with a fellow parliamentarian to split a supposed Sch70m (\$5.46m) commission from British Aerospace for a large-scale order for army helicopters and transport air-

Even though the deal, estimated at Sch3.5bn, never came through and may merely hava been a hair-brained idea to gain new sources of cash for the parties of the two politicians implicated, it has increased public mistrust of the governing coalition and could lead to further investigations into military procurement practices.

The scandal is a serious setback for Chancellor Franz Vranitzky, who plucked Mr Marizzi from obscurity in 1986 and put him in charge of the party organisation. Mr Marizzi, a former locksmith and union official, has been under pressure since December, when he was forced to withdraw his application for a top Brussels post because of questions regarding his qualifications.

A strange twist is added to Mr Marizzi's story by growing indications that he himself recorded the conversation with Mr Herbert Kraft, the defence spokesman of the conservative People's Party, and passed the tape on to the press almost a

According to a transcript published by the weekly magazine, New. Mr Kraft tried to sell the kickback scheme to Mr. Marizzi, who rejected the offer.

that Mr Marizzi wanted to score political points by smearing a coalition partner.

Mr Kraft resigned last Wednesday, just bours after the damaging transcript was made public. Another possible victim of the affair is Ms Maria Rauch-Kallat, the environment minister. It was her husband, Count Alfons Mensdorff-Pouilly, an aristocratic landowner and self-styled consultant, who proposed the BAe deal to Mr Kraft.

Ma Rauch-Kallat, a rising star in the OeVP, seems so far not to have been involved in her husband's scheme, but her reputation could be tarnished by his business dealings. Count Mensdorff has done some advisory work for BAe. But the company said that be had no authority to negotiate milliondollar arms sales and it was

not aware of his efforts. The Austrian army has beld exploratory talks with BAe regarding the purchase of the BAe-146 transport aircraft and bas some vague plans to acquire helicopters.

But no official negotiations with BAe or other suppliers have taken place, the Austrian Defence Ministry says. BAe confirmed that it had negotiations over the 146 aircraft and that Count Mensdorff acts as an adviser to the company, but insisted that it bad not discussed helicopters or other large military orders with the Austrian government.

BAe does not make helicopters, but is bidding to become the lead contractor to supply the Franco-German Tiger attack helicopter to the UK's Royal Air Force. The two main political parties lost heavily in parliamentary elections in October, but decided to continue their coalition with a reduced majority.

The opposition parties are trying to make the most out of the affair. They are demanding, and are likely to get, a special parliamentary commis

Portugal's dynasties on top

Stripped of their assets, jailed or exiled after the 1974 revolution, old money families are more powerful than ever, writes Peter Wise

ld money is back in Portugal, audaciously eclipsing the ambitions of business groups born in democracy. Mr Antonio Cham-palimaud, a 76-year-old entrepreneur wbose industrial empire was seized by the state after the left-wing revolution of 1974, is poised to pay Es153hn (\$966m) for 50 per cent of a leading bank.

By contrast, the Sonae conglomerate of Mr Belmiro de Azevedo, the closest to an industrial magnate post-revolutionary Portugal has produced, bas achieved only a 7.2 per cent holding in a rival bank He is struggling against a Es300.3bn hostile bid launched partly by another of the hand-ful of family groups that dominated the economy during 48 vears of authoritarian rule

Business dynasties that the revolution tried to crush will control or play an important role in three of Portugal's top four financial groups if three pending bids, together worth Es465bn, are successful. Part of their return has been financed by the other member of the big four, state-owned Caixa Geral de Depósitos, endorsing their return to the fold.

Stripped of their assets, imprisoned and forced into exile, families such as the Champalimauds, the Mellos and the Espirito Santos were stigmatised after the revolution as pillars of an authoritarian state that shielded them from competition, gave them African colonies to exploit and suppressed trade unions. But the old regime's tycoons

are seen with more forgiving eyes 20 years on "People resented them for taking economic advantage of authoritartanism, says a company

"But they are accepted today as men who lost everything, earned it back and are re-establishing themselves as business leaders in a free country and a market economy. The Portuguese like winners. Mr Champalimaud has won

- and lost - on an uncommon scale. His steel and cementbased group accounted for almost two-thirds of Portugal's industrial capacity when he fled to Brazil under threat of



almost two-thirds of Portugal's pre-1974 industrial capacity

arrest. He began rebuilding his group from a cement plant he had already acquired near Rio de Janeiro. Today, he is Portugal's richest individual with an estimated net worth of Es170bn, according to Fortuna

Mr de Azevedo, 56, ranks third with Es104.7on. A carpenter's son from a poor village, he has built Sonae virtually from scratch into Portugal's biggest conglomerate, based on retail distribution and wood products.

But - apart from the cork companies of Mr Américo Amorim - no other post-revolutionary group has moved close to the big league.

What benefits the older groups is that some of them escaped nationalisation and

which now provide them with efficient organisations, specialised expertise and international contacts.

Scarcity of risk capital and a diminutive capital market have weighed against new business groups. Banks are the expansion. But interest rates have been cripplingly high This helps explain why the old groups are moving back strongly into finance but have shown little appetite for industry. Few business leaders with the drive and vision to surmount these drawbacks have emerged since 1974.

"Tremendous fortunes were made in the turbulent period after the revolution by people who seized opportunities to

that is bow American maguates enriched themselves a century ago.

Few from the post-revolutionary generation have proved capable of taking the next step of building a well-managed group equipped to compete in a global economy."

New generation entrepre-neurs with the most talent for building groups out of almost nothing have been professional managers without their own

Mr Jorge Jardim Gonçalves founded Banco Comercial Portugues only eight years ago. However, be is now lead-ing a hid to take over Banco Portugues do Atlantico, the second largest bank, where Mr de Azevedo is leading the resistance of a small group of busi-

Ou a smaller scale, Mr Artur Santos Silva of Banco Portugués de Investimentos and Mr Carlos Rodrigues of Banco Chemical have shown the same ability to run risks and win support to create successful

But several attempts to expand by BCP were blocked by the Portuguese government until, for the BPA bid, the bank joined with Imperio, an insurance company controlled by Mr José Manuel de Mello, another business leader from the old regime.

Mr Champalimaud began buying back assets in Portugal in 1992, paying Es20bn for control of Mundial Confiança, an insurance company be previously owned. Last November he paid Es37bn for 80 per cent of Banco Pinto e Sotto Mayor. also part of his former group. Less than six weeks later he announced his Es153bn bid for 50 per cent of Banco Totta e Acores, Portugal's third largest

Governments bave been cold-blooded about compensating the old groups for their losses. Restitution bas been made for only a tiny fraction of

But Mr Champalimand's proposed purchase of BTA has been welcomed - despite some legal objections - because it will return the bank

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Door closed on Italy's old political order

The fast-evolving political landscape of Italy has undergone a transformation as a result of the weekend disbandment of the neo-fascist Italian Social Movement (MSI) that has kept alive the flame of Mussolini's ideals for almost 50 years. The movement bas been merged

with the National Alliance (AN), the party created in January last year by Gianfranco Fint, the MSI leader, as a vehicle for the electoral ambitions of The AN - with Mr Fini its unchal-

lenged leader - has now staked a claim to bring the Italian right into the mainstream of national politics. The MSI/AN obtained 13.5 per cent of the vote last March and polls cur-rently give the party close to 18 per cent, the third-largest political grouping in Italy.

Until the advent of the government of Mr Silvio Berlusconi and the creation of a right-wing coalition last May, the MSI had played a marginal role and was treated by many politi-

Former prime minister Silvio Berlusconi's Forza Italia party and allies are needed in his view to carry out deficit-trimming measures.

adapt to the collapse of the Bertin Wall and the break-np of Italy's postwar parties. This was because the past and because Mr Fini's own position as a moderniser was far more precarious. The disappearence of the MSI means that uo party prominent in either government or opposition from 1945-1980 now exists.

likely to abstain in the Senate confirmation vote tomorrow on the new government of Mr Lamberto Dini, AP reports from Rome. Leaders of Forza Italia, the right-wing National Alliance and 2 small group of ex-Christian Democrats indicated that their senators would follow the same strategy as last week in the confidence vote in the lower house, the chamber of deputies. In that vote, Mr Dini's non-partisan government won confirmation due to the abstention of the Berlusconi bloc. Mr Dini, a former central banker who was Mr Berlusconi's treasury minister, formed a government of technocrats two weeks ago. Although resisting Mr Berlusconi's call to set a date for elections. Mr Dini has said his government is likely to last no longer than a few months, the time

was far more nostalgic about its

The 43-year-old Mr Fini emerged from the three-day congress winding np the MSI, and the subsequent two-day meeting relaunching the AN,

cians as a pariah. It was the last to with his prestige and antbority

enhanced. He dealt skilfully with his opponents, a hard core of fascist nostalgies, forcing them into a position whereby they accept his line or refuse to join AN. The hardliners, headed by Mr Pinc

Rauti, duly walked ont and Mr Fini was elected as AN chairman by 1507 of the 1679 votes. Only seven years earlier, Mr Fini narrowly beat off Mr Rauti in the race to take over the reins of the MSI.

This exodus had the propaganda benefit of publicly demonstrating that got the MSI such a bad name

had been ditched. However, if Mr Fini was able to show his supporters what the AN did not stand for, his polished rhetoric was much more vague about its new ideology. He spoke of creating a "new right with a social conscience". This hrase, which echoed some of Mussolini's ideas of corporatist national socialism, was only amplified by a party member who said: "We want to wrest from the left their right to claim social justice platform as theirs." In discussing the market economy, it was also clear that dele-gates had little in common with the Thatcherite principles which Mr Berlusconi's Forza Italia has embraced. Mr Fini wants a more efficient economy but not necessarily less state

involvement or less protection. Indeed, the state is seen as vital for guaranteeing the economic survival of the mezzogiorno - Italy's deprived southern region. Such views underscore that the core of the AN vote remains in central and sontbern

been a blg employer and provider of jobs and money. Mr Fini does not have supporters in blg business but among small shopkeepers, artisans

students and those with jobs at risk. This base can be expanded, but only at the expense of Forza Italia and the centrist Popular party (PPI), beirs of the Christian Democrats Winning votes from Forza Italia depends upon the political durability of Mr Berlnsconi. So long as the Forza Italia leader retains his strength and political will, Mr Fini is bkely to remain his faithful ally.

Mr Fini in the short term has more chance to increase his clout by forging a broad electoral alliance - last March's Freedom Alliance with Mr Berlnsconi being the precursor. It was no accident he played up the presence at the AN congress of Mr Rocco Buttiglione, the PPI lender. He wants him as part of a new centre-right coalition. But this strategy will work only if Italian politicians genninely want a bi-polar system of par ties with two main blocs.

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HELPING BRITAIN TAKE OFF

ASIA-PACIFIC NEWS DIGEST

E Timor rights 'distorted'

The rights of the people of East Timor were "completely distorted and undermined" when Australia signed its 1989 treaty with Indonesia covering rights to resources in the Timor Gap zone of the oil-rich Timor Sea, the International Court of Justice was told yesterday. Mr Antonio Cascais, Portugal's amhassador to The Hague, introducing Portugal's case said Australia had no right to sign the treaty because of its international obligations to respect the rights of the people of East Timor and the status of Portugal as the United Nations-designated administrating power there. The UN still regards Portugal as the rightful administrator

of East Timor, which was invaded by Indonesia in 1975 and annexed by Jakarta a year later. Australia is expected to argue that Portugal's real dispute is with Indonesia. Lisbon could not initiate proceedings against Indonesia since the Jakarta regime does not recognise the jurisdiction of the world court. Mr Ali Alatas, Indonesian foreign minister, said Portugal's case was merely the latest effort to undermine Indonesia over East Timor. AFP. The Hague and Reuter. Jakurta

■ The US denounced Indonesia's decision to extend to four from three years the sentence of Mr Muchtar Pakpahan, a jailed labour leader, saying his fate would be a factor in considering Jakarta's labour record. Reuter, Jokarta

Japan 'Holocaust' glossy closed Bungei Shunju, a leading Japanese magazine publisher, yesterday closed a title because of an international row over an article denying the existence of the holocaust. The closure is the latest controversy aroused in Japan by the 50th anniversary of the end of the second world war. The glossy rightwing monthly, Marco Polo, in its February issue describes the Holocaust as propaganda. This provoked protests from Jewish organisations, a response from the Japanese government con-

demning discrimination and withdrawal of corporate advertis ing. ft had a circulation of 200,000. William Dawkins. Tokyo Seven former prisoners of war from Britain, the US, Australia and New Zealand yesterday filed a suit in the Tokyo district court demanding compensation for violations of international law during their internment in the war. They are demanding \$22,000 each for brutality and forced labour while being held in camps in south-east Asia. Kyodo, Tokyo

Singapore seeks media control

Mr Gob Cbok Tong, prime minister of Singapore, says the island republic must control its exposure to outside influences which could threaten what he terms as society's traditional values. In a Chinese New Year message, Mr Goh said government should define, where possible, the limits of what is acceptable in what newspapers print, which films are shown, which magazines are sold and what performances are staged, For liberals in the west, these are curbs on personal liberties. But they are necessary safeguards which enable Singaporeans as a whole to enjoy more freedom, greater security, and a safer environment where people respect law and order," said Mr Goh, who described Singapore as "a completely open society". Kieran Cooke, Kuala Lumpur

Burmese try to smash rebels

The Burmese army appears to be trying to smash the remaining strongholds of the Karen Nalional Union - its most powerful armed opposition group - following its capture of the insurgents' jungle headquarters of two decades last Friday. Karen officials said their soldiers on the Thai border opposite the southern Burmese town Tayoy were attacked on Saturday. uear where the planned gas pipeline from the Gulf of Martaban to Tbailand will run. Further north Burmese troops are reported to be firing about 100 heavy mortar rounds a day at the Karen defending the Kawmoora enclave 60km south of Manerolaw, William Barnes, Banakok

■ South Korea approved a record \$31,29m (£19,65m) in trade ith North Korea in December, the domestic ne Yonhap reported. Quoting statistics from Seoul's Unification Ministry, it said the figure was 55.1 per cent up on November and a 141 per cent rise from December 1993. Reuter, Seoul

■ The Philippines is to change rules on constructing power plants to allow builders to run the plants without transferring ownership to the state. Mr Francisco Viray, energy secretary, said the shift is included in plans to sell off the state-owned National Power Corp. Reuter, Manila

■ China's central bank is to begin attending regular monthly meetings of the Bank for International Settlements. Mr Andrew Crockett, BIS director general, said the People's Bank of China would not become a full member. AFP. Davos

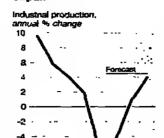
Japanese industry output slowly moving up

By William Dawkins in Tokyo

Japan's industrial economy is slowly shifting up a gear, on the evidence of the first annual rise in industrial output for three years.

Industrial output fell 0.5 per cent from November to Decem-ber, the Ministry of International Trade and Industry reported yesterday, better than the widely expected 1 per cent cline, leaving output for the whole of 1994 up 0.8 per cent from the previous year.

The three-month sliding average, a good indicator of the trend of this volatile indicator, rose 5.9 per cent over the same period in the previous year, the best since Fehruary 1991, Mr Jim Vestal, chief economist at Barclays de Zoete Wedd In



Tokyo, said. That puts industrial output on track for roughly a 4 per cent rise in 1995, a survey of Tokyo economists by Consensus Econom-

1968 89 90 91 92 93 94 95

ics, the London-based compiler of forecasts, shows, Several economists expect

NEWS: ASIA-PACIFIC

output to weaken slightly early this year, because of industrial damage hy the Kobe earth-quake. But this would be compensated later by extra demand for construction machinery and huilding materials, they predict, so that the impact, stretched over a full year, would be zero. Miti is expecting a rise in January, followed by a fall next month. Stocks of materials and

unsold goods fell 0.9 per cent in the final quarter, suggesting output is becoming slightly more sensitive to an improve ment in demand But economists admit they cannot predict the Kobe disaster's impact on consumer confidence, and the possible effect on industrial production. A rise in consumer savings, as a precaution against another earthquake. could hit final demand.

Moreover, this industrial recovery is on the weakest hase for 20 years, in that Japan's factories are operating at a mere 74 per cent of capacity, according to official figures. That is slightly better than the record low of 68 per cent, reached in the final quarter of 1993, the trough of the recession, but is at the same level as in the early 1970s. when Japan was recovering from the first oil shock.

The repair bill for the Kobe quake was estimated at Y8.600hn (£54.5bn) yesterday by the Hyogo prefectural gov-ernment, the port city's local authority. The rough estimate, the first official figure to emerge since the quake struck two weeks ago, was presented to the central government team working on the recon-

struction of Kobe. It is not yet clear how the hill will be split between gov-ernment, insurance companies and the private sector and how much will be funded by gov-

ernment bonds. But if the Hyogo prefecture's estimates are on the right scale, the direct cost of Kobe's reconstruction will only provide a modest lift to the economy at large. It compares, for example, with the Y45,000hn of public spending packages launched over the past two years, to help pull the economy out of recession. The Kobe

repair hill is dwarfed by the Y430,000bn already earmarked for public works spending in the decade to 2000

Just over half the estimated Kobe hill will be needed for huildings, with slightly over Y1.000hn for harbour reconstruction and Y600bn for rebuilding expressways. according to Hyogo prefecture. The Kobe municipal government has said it will invoke town planning laws to enable it to recession areas devastated by the earthquake, to include wider roads and more parks as

future evacuation centres. Indirect costs of the quake could be much larger, if the debate it has prompted leads to a nationwide campaign to upgrade huildings, infrastructure and quake preparations.

Health thought to be in decline

Deng fails to make New Year broadcast

By Tony Walker in Beljing

Mr Deng Xiaoping, China's ailing senior leader, last night failed to make his customary lunar New Year's Eve television appearance, virtually confirming recent reports that his health is in steep

Mr Deng, 90, has for the past seven years been shown on television visiting Sbanghai. but the abandonment this year of his normal routine is the clearest signal yet that his condition bas deterlorated mark-

China's state media reported on Saturday that senior Chinese leaders had visited him in Beijing in the past week, but published no photographs and gave no details of his well-be-

The sketchy reports and absence of photographs or television coverage indicate that Mr Deng is a very sick man. Last night's television news made no specific reference to



Deng pictured at a Beijing fireworks display last October

him. The official Xinhua news agency reported at the weekfidence in President Jiang Zemin and premier Li Peng at his meeting with them last

Xinhua sald Mr Deng had praised their achievements "in the course of reform and opening up, and in the cause of huilding socialism with Chinese characteristics". He had also asked them to convey his greetings to the people for New

Western officials were sceptical as to whether Mr Deng was in any condition to make such long-winded statements.

China's patriarch was last seen in public at New Year 1994, when he was supported by a daughter on each arm and was barely able to totter forward. He is variously reported to be suffering from Parkinson's disease and other degenerative ailments.

Otber veteran Chinese revolutionaries of Mr Deng's generation also failed to appear publicly at New Year. This was seen as a mark of deference to Mr Deng.

China's media along with Mr Deng's family now seem intent ple for the old man's death, after insisting until very recently that he remained in good health.

Chinese officials are now making little attempt to pretend otherwise than that his life is ebhing away. Mr Deng's youngest daughter beloed set the tone for these more candid assessments when she sald earlier this month that his health was declining "day by day".

Australia's newly elected Liberal party leader John Howard (right) and his deputy Peter Costello (left) leave a meeting in Canberra yesterday. Mr Howard, an ardent monarchist, previously led the Liberals from 1985 until falling victim to a 1989 party coup

Howard plays 'Comeback Kid'

Nikki Tait on the return of an ousted Australian opposition leader

newly appointed federal. opposition leader, could justifiably ask to borrow the tag of "Comeback kid" from US President Bill Clinton.

Yesterday, nearly six years after he was ousted as leader of the Liberal party, a triumphant Mr Howard returned to face the Canberra press. Six months ago be indicated that his political career appeared to be in its final years; now here he was. elected leader unopposed at a party meeting lasting less than

half an bour. Thus Mr Howard, 55, will almost certainly challenge Mr Paul Keating, Australia's Labor prime minister, when the country goes to the polls later this year or early next. The match should be inter-

esting. Both men are seasoned federal politicians, having survived the Capherra bothouse for more than two decades. Mr Howard has the advantage of a "nicer" image: his modest lifestyle and unpretentious approach contrast neatly with Mr Keating's aspirational tendencies - Italian suits and a mansion furnished with antiques - which many Aus-

tralians distrust. The prime minister, how- sition's final compromise

ohn Howard, Australia's ever, has the sharper tongue. He is also known to dislike Mr Howard, apparently because the latter - in his earlier leadership role - once allowed Mr Keating's private life to come into question through a parliamentary intervention by one of his MPs. "I'll so rat," is one of Mr Keating's more renowned invectives

against Mr Howard. On a more sobstantive level. Mr Howard has the advantage that his ill-fated predecessor, Mr Alexander Downer, did much to clear the policy decks. Under Mr Downer the notion of a consumption tax - which, it may be argued, lost the opposition the 1993 election - was buried. Mr Downer's main policy document emphasised the importance of jobs, families.

small businesses and national identity. But it did so in highly generalised terms, committing Mr Howard to few specifics. A bill outlawing racial vilifi-cation, presented by the govpitting principles of free speech

ernment late last year, caused the opposition much anguish, against minority communities desire for protection. But yesterday Mr Howard said he saw no reason to change the oppostance: the bill would be opposed as "bad legislation" and an alternative drafted. On economic policy, the new

leader remained vague. This area had begun to be a bugbear for Mr Downer, who appeared to be promising to reduce the government's budget deficit without explaining bow the Mr Howard said simply that tax rises would be opposed and public spending should be cut.

The negatives for Mr

Howard are largely in his past. An incautious comment, which was taken to imply an anti-Asian immigration stance, has haunted him for years. His response is that he has apologised and that this is a dead issue. On Friday night, as his ascension looked guaranteed, he headed to a dinner in Sydney's cosmopolitan western suburbs, where he argued that it was a former Liberal prime minister, Mr Harold Holt, not Labor's Mr Gough Whitlam, who abandoned the notorious "White

Australia" policy.

Mr Howard is also strongly associated with such concepts as the traditional family and constitutional ties to the Brit-

ish monarchy, which can appear outdated to younger Australians. The country has seen changes come thick and fast over the past decade, and the Labor party - with its quotas for women candidates and its emphasis on south-east Asia in trade and bilateral relation - has appeared more adept at updating its image. Weekend polls showed that Mr Howard's popularity is greatest among older women.

Perhaps most significantly, the new leader has to bind an ideologically disparate opposition. Mr Howard himself noted yesterday that the Liberal party embraces both conservatives and liberals. What he did not add is that the Labor party has skilfully manoenvred itself into the middle ground, and built a working ralationship with the business community. This tends to narrow the opposition's policy options.

Still, as Mr Howard also pointed out, he is the first Liberal leader to be elected unopposed for about 30 years. Moreover, after two leadership upheavals in as many years and with an election looming, the impetus is for internal hargest trump card in his hand

Yearly ligures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated. UNITED STATES JAPAN **GERMANY**

INTERNATIONAL ECONOMIC INDICATORS: PRICES AND COMPETITIVENESS

				44.5-												
	Congumer Prices	Producer prices	Earnings	Unit labour tosts	Pleas construingo /ata	Consulter prices	Producer prices	Earnings	Unit Labour costs	Real eschange rate	Consumer	Producer prices	Somioge	Link Labour costs	Real enchango rate	1
1965	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	ı I
1986	101.9	38.6	102.3	99.4	85.0	100.8	95.3	101.4	103.4	118.4	99.9	97.5	103.4	103.8	107.4	
1987	105.S	100.7	103.9	98.7	75.2	101.2	92.5	183.1	100.6	122.9	100.1	95.0	107.7	107.1	110.9	
1986	109.9	103.2	107.0	99.1	71.0	102.2	92.3	107.8	96.2	131.0	101.4	96.2	1123	105.9	110.0	1
1989	115.2	108.5	110.1	101.1	74.9	104.9	94 2	1140	96.1	123.5	104.2	99.3	117.3	108.0	107.8	1
1990	121.5	113.9	113.5	104.3	73.4	108.2	95.7	120 1	98.3	108.3	107.0	101.0	123.5	110.3	110.7	П
1991	126.6	116.3	117.3	107.8	74.2	111.8	96.8	124.3	101,8	114.8	1107	103.4	131.2	115.0	108.2	1
1992	130.4	117.7	120.2	108.4	742	113.9	95.9	125.\$	1110	115.3	1151	1049	138.0	121.5	108.7	i
1993 1994	134.3 137.8	119.2 119.9	123.1	107.7	76.8 74.5	115.3 116.1	94 3	125.8	116.9	134.0 139.5	119.8 123.5	104.9 105.5	145.7	125.9	110.2 108.7	
1st qtr. 1994	2.5	0.2	3.4	-1.0	77.0	1.4	-22	2.9	3.7	137.8	33	0.2	n.g.	-2.6	107.2	1
2nd qtr.1994	2.4	-0.2	2.8	-2.3	75.8	0.6	-2.1	5.0	0.0	139.9	3.0	5.0	n.a.	-6.8	107.8	1
3rd qtr.1994	2.9	1.3	2.8	-3.4	73.3	-0.1	-1.7	-19	-1.1	1-10.7	3.0	0.8	n,g_	-7.4	109,7	1
4th qtr.1994	2.7	1.3			72.0	0.8				139.9	2.8	1.3	n.a.		110 4	ı
January 1994	2.5 2.5	0.2 0.2	2.8 3.7	-1.1 -0.6	77.8 77.0	1.4 1.4	-2.1 -2.2	4.5 1 8	3.4 5.1	134.5 139.4	3.5	0.0	5.2	-05 -5.0	107.3 106.S	
February March	2.5	0.2	3.7	-1.3	76.4	1.3	-2.2	2.4	2.5	139.4	32	0.5		-2.5	107.5	
April	2.4	-0.4	2.8	-1.7	75.4	0.8	-22	1.9	0.9	141.2	3.1	0.1	2.5	-6.8	107.5	1
May	2.3	-0.4	2.8	-2.7	75.9	0.6	-3.0	1.0	0.0	139 1	3.0	0.4	2	-6.2	107.8	1
June	2.5	0.1	2.8	-2.5	75.1	0.5	-1.9	9.1	-0.9	139.3	3.0	0.4		-7.6	108.4	1.
July	2.8	0.6	2.8	-2.9	73.4	-0.3	-1.8	-5.2	0.8	142.4	2.9	0.4		-10.8	109.7	H
August	2.9	1.9	2.8	-3.8	73.8	-0.1	-1.7	-0.9	-3.3	139 9	3.0	0.7		-5.3	109 9	П
September	3.0	1.4	2.7	~J.S	72.8	0.1	-1.5	3.3	-0.8	140.3	30	0.7		-6.0	169.5	1
October	2.5	1.0	2.7	-2 1	71.2	0.6	-12	3.9	-3.2	139.9	2.8	1.0		-7.2	110.1	Ţ
November	2.7	1.3	1.8	-3.1	71.6	1.1	-1.2	29		1-10.8	2.7	1,4			110.4	1
December 1994	2.7	1.7			73.1	0.5				138 9	2.7	1.8			110.8	1
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	Concurren	Producer		Unit labour	Heal estange	Consumor	Producer		Linu Cabour	सिट्डो एउट्डो स्टा पुर	Consumor	Producer		Unit labour	Real enchange	1
	Pajder	prices	Sernings	costs	nate	prices	prices	Earnings	ant/a	rate	211083	prices	Eurologa	Cost(2	rate	1
1985	100.0	100 0	100.0	100.0	100.0	190.0	100 0	100.0	100.0	106.0	100 0	100.0	100.0	100.0	100.0	1
1966	102.5	97.2	104.5	101.6	103.4	106.1	100.2	104.8	102.7	101 3	103.4	101.4	107.7	104 :	94.2	1 /
1987	105.9	97.8	1078	103 0	104.8 100.2	111.0	103.2	111.6	105.5	102.0 100.2	107.7	104.9	116.3	106.8	94.5	
1988	108.8	102.0	111.1	104.1 105.2	99.8	116.5 (24.2	106.8	118.4 125.6	109.7	103.6	115.0 121.8	108 7	126.2	109.5	102.3	1:
1989	112.8 118.5	108.4 107.1	115.4 120.6	109.8	103 6	131.8	113. <i>1</i> 117.8	134,7	118.7	105.2	133.3	113.9 121.0	137.2 150.1	114.4 122.7	101.3	Ι.
1990	120.2	106.8	125.8	113.4	102.3	140.3	121.7	147.9	131.2	105.5	141 2	127.5	162.4	131.3	102.8 105.8	H
1991 1992	123.1	104.0	130.3	115.8	105.8	147.7	124.0	155 9	136.7	101.9	146.4	131.5	173.1	133.9	103.5	1 1
1993	125.6	101.1	133.7	118.1	108.5	153.9	128.7	1513	139 3	87.3	148.7	136.7	180.9	134.7	95.7	11
1994	127.7	10121	100.	_	108.0	160.0			1020	85.5	152.4	140.1	15-5-20	134,	97.0	1:
1st qtr.1994	1.7	-1.5	na	0.0	107.5	4.2	35	4.3		85.2	2.4	3.3	4.8	1.9	98.6	1
2nd qtr.1994	1.7	-0.1	n.a.		107.4	4.0	3.1	41		87.4	2.5	22	4,4	-0.1	97 Q	H
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	1.9	n.a.		пa	107.5	4.2	3.5	4.0	n.a.	85.2	2.5	3.7	4.8	1.7	99.9	1:
January 1994 February	1.8	n.a.	_	n,a.	108 9	42	3.6	4.3	n.a.	85.5	2.1	34	3.3	1.8	98.3	1.7
March	1.5	n.a.	21	n.a.	107.9	4.2	3.2	2.5	na	84.9	23	2.8	53	23	97.5	ļ١
April April	1.7	n.a.		n.a.	106.6	4.1	3.0	4.6	n.a.	87.5	2.5	2.2	4.7	0.6	97.0	1
May	1.8	n.a.	_	n.a.	107.4	4.0	3.2	4.8	n.a.	87.8	2.5	2.1	4.3	0.6	96.9	į i
June	1.8	n.a.	2.4	n.a.	108.2	3.7	3.0	3.0	n.a.	86.8	26	2.1	4.3	-1.5	97.2	1
July	1.7	n.a.	-	n.a.	108.4	3.6	3.2	3.1	n.a.	86 1	2.3	1.9	4.2	-1.5	960	1
August	1.7	n.a.	-	n a.	108.7	3.7	3.5	3.2	n.a.	85.0	2.4	2.2	4.5	-14	95 8	
September	1.6	na	2.4	n.a.	108.8	3.9	3.8	2.9	n.a.	85.0	2.2	2.3	4.8	-15	95.9	1
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November	1.7 1.6	na na	-	л.а. г.ч.	109 1 108.4 107.9	3.8	4.3 4.8	29 30	n.a. n.a.	84.7 84.0 87.2	2.4 2.6 2.9	2.3 2.5 2.6	4.9	-1.i -0.7	96.9 96.9	t

Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government and IMF sources, and by JP Morgan. New York Consumer prices: not seasonally adjusted. Producer prices: not seasonally adjusted, producer prices: not seasonally adjusted, adjusted, producer prices: not seasonally adjusted, refers to earnings in manufacturing accept France and Italy Iwage rates in industry). Hourly except Japan (morality) and UK Iweekly). Until labour costs, seasonally adjusted, refers to earnings in manufacturing accept France and Italy Iwage rates in industry). Hourly except Japan (morality) and UK Iweekly). Until labour costs, seasonally adjusted, recovered in domestic currences. Germany – mining and manufacturing, other country. Producer prices: JP Morgan real effective exchange rate under versus 18 industrial country currences, adjusted for change in relative wholesale price of domestic manufactures. A fall in the index indicates improved international competitiveness.

Symbolic US step in Vietnam

he opening by the US of a liaison office in Hanoi at the weekend is a symbolic and important step in the delicate political tango towards full normalisation between Washington and its Vietnamese former foes.

Although the opening of the diplomatic mission was welcomed by resident Americans and will help businesses by offering consular services, the move appears to have more psychological than practical value for US investors in Vietnam, of which there are far fewer than the Vietnamese have hoped for. Even as US State Department officials and guests sipped Russian sparkling wine in the lobby drah, nine-storey building, some resident US businessmen were playing down its impor-

"It doesn't mean Uncle Sam is going to help the average husinessman, but at least it gives us a route to go," said Mr Al DeMatteis, who runs a con-struction company and chairs the local chapter of the American Chamber of Commerce. Although there was a rush of US business interest in Viet-nam when President Bill Clinton removed the trade embargo a year ago, few deals were signed and the initial enthusiasm has not translated into hard investment.

A correspondent assesses the significance of the opening of a liaison office

ft is likely to remain that way for some time, business people say. US business interest "is cautious and conservative", said Mr Norris Hicker-Vietnam manager for son, Vietnam manager for Digital Equipment Corporation, the computer maker. "Lots of people are saying it's premature, that the investment isn't justified at this time." Figures released this month by Vietnam's State Committee

for Co-operation and Investment, the foreign investment licensing body, show only 28 US projects licensed, represent-ing a total contract commitment of \$270m (£173m). By contrast the biggest investor, Taiwan, has pledged \$2bn, a fifth of the total, and Singapore \$1bn.

Reasons for the lukewarm approach go beyond the techni-cal barriers to a normal trading relationship hetween the two countries. "Every Ameri-can company is run by lawyers in a way. Lawyers in most companies can and will kill a fields lawyers in Hanoi. What worries the lawvers is

a weak legal infrastructure, in particular the lack of a reliable contract enforcement mechanism. Corruption is also souring interest, despite a vigorous anti-graft campaign announced by the Vietnamese leadership this month.

Doubts are also related to sensitivity about the Vietnam war. Mr Foster pointed out that most fairly large US company boardrooms were likely to have at least one member with some war connection and that this made it difficult to get deals through.

"The bottom line is that with these deals you have to get board approval. If you are a line manager pushing a project you're sticking your neck out against something that can be

very emotional." There are technical barriers too. Most prominent is the lack of Most Favoured Nation trading status, without which Vietnamese goods are subject to high tariffs at US ports. in addition, US exporters are handicapped without export credit guarantees from the fed-erally-run Export-import Bank which provides financing for

US exports. Boeing, the aircraft manufac-

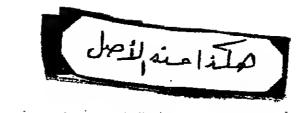
deal if they don't think it's safe," said Mr Tony Foster, resident representative for Freshing the bope of winning sales contracts as part of the airline's ambitlous fleet axpanslon plans, said it would be able to offer more competitive prices if it had governmentbacked concessional financing.

The federal Overseas Private investment Corporation (Opic). which provides insurance support for US companies abroad, has not yet extended coverage to Vietnam-related business. And US citizens seeking residence in Vietnam do not have the benefits of a treaty on avoidance of double taxation. Washington does not need to

establish full diplomatic ties with Vietnam in order for the Eximbank and Opic to start operating, but there are no signs that either is about to do so. In any case, State Department officials stationed at the new liaison office said their priority was "advancing the fullest possible accounting" of the 2.211 US servicemen missing in action as a result of the war, which ended in 1975 after the storming of the last US diplomatic mission in the former

| 1985年 | 19

Saigon.
"I wouldn't look for any one decisive move to mark a decisive change," said Digital's Mr Hickerson. "Lots of little things will gradually build up



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- Because it runs at 100MHz. Period.
- it's the best value in Windows-compatible CPUs.
- 3. There is no such thing as a faster 486.
- 4. It's 100% Microsoft Windows-compatible.
- 5. It runs all your favourite Windows programs — really fast,
- 6. It's incredible value.
- Your applications don't run in clunky emulation mode.
- Every bit as good as a 60MHz Pentium. And far better value.
- 9. It's the Ferrari of 486s.
- 10. 100MHz speeds. Wow!
- Two words: price/performance.
- 12. Three words: Value! Value! Value!
- It comes from AMD

 the leading
 alternate source for
 486 devices.
- 14. It puts 60MHz CPUs to shame.
- 15. Good luck finding better value.
- 16. "The robust 486 is alive and well."— Michael Slater, Microprocessor Report.
- 17. Slater continues, "Enhanced 486 chips will play a major role in 1995."
- 18. Slater concludes "...an aggressively priced DX4 chip would be a great product."
- 19.100MHz...cool!
- 20. Unlike some CPUs, it's good with figures.

- 21. Killer part. Killer speed. Killer value. Killer!
- 22 Certified 100%
 Windows-compatible
 by XXCAL. And
 they're really picky.
- 23. You don't have to upgrade all your existing software.
- 24. For all you chipheads, we use 0.5 micron process technology for our 486 devices.
- 25. It's tried and true technology at a great price.
- 26. We were tempted to paint racing stripes on the side.

- 44. And Doom II, so fast it's scary.
- 45. it runs everything you need it to, much faster.
- 46. My 486 is faster than yours! Neener neener!
- 47. It runs Lotus 1-2-3.
- 48. Lotus Notes.
- 49. Lotus SmartSuite.
- 50. And every other Lotus program you can think of.
- 51, 100MHz. Case closed.
- 52. Grease + lightning = 100MHz Am486
- 53. Your 386 users will kiss you.

- 67. It runs Harvard Graphics.
- 68. Corel DRAW!
- 69. Aldus PageMaker
- 70. Adobe Illustrator.
- 71. Adobe Photoshop.
- 72, Even AutoCAD.
- You're incredibly smart when it comes to these kinds of decisions.
- 74. It'll keep those penny-pinchers in accounting off your back.
- 75. You know great value when you see it.
- 76. Damn, it's fast!

- 87. And Norton Utilities.
- 88. Also Norton Desktop
- 89. Certified 100%
 Microsoft Windowscompatible. As if
 you didn't know.
- 90. It's like all your roads are autobahns.
- 91. It's an offer you can't refuse.
- 92. Even the folks with big budgets will admire your business sense.
- 93. It's the most appropriate technology for the bulk of your users.
- 94. You don't have to double check your math.
- 95. Compaq says,
 "100MHz 486 systems
 represent a
 significant market
 opportunity and we
 are delighted there
 will be an additional
 source of supply."—
 Jim Paschal, Vice
 President of Desktop
 and Corporate
 Engineering.
- 96. The mere thought of an AMD CPU somehow appeals to your rebellious side.
- 97. Can actually handle the rigors of complex calculations like division.
- 98. We've got ISO 9000' certification in plain English, that means world class manufacturing facilities.
- 99. Look up "tight-wad" in the dictionary and there's a picture of your boss.
- i00. Need a few more?
 Send name and fax
 number, or a copy
 of your business
 card by fax to
 +44 (0) 1256 843 963
 to receive additional
 information.

100 Reasons To Choose AMD's 100MHz 486 CPU.

- 27. Try and find higher performance at a better price.
- 28. Runs MS DOS.
- 29. Runs OS/2.
- .30. Runs Novell NetWare.
- 31. Yes, even UNIX.
- 32. Runs Microsoft Word, without a hitch.
- 33. We'll say it again, it's 100% Microsoft Windows-compatible.
- 34. It's Windows NTcompatible, too.
- 35. And Microsoft Excel
- 36. Microsoft Office.
- 37. Microsoft PowerPoint.
- 38. Pretty much everything Bill Gates has to offer, it handles flawlessly.
- 39. Don't forget Quicken.
- 40. You only live once.
- 41. Surf the internet @ 100MHz.
- 42. Runs CompuServe.
- 43. It runs Doom.

- 54. It's a smart move.
- 55. Runs WordPerfect.
- 56. Also WordPerfect Office.
- 57. And ClarisWorks, for that matter
- 58. If you don't upgrade soon, your users will have you drawn and quartered.
- 59. Megahertz. 100 of them, to be exact.
- 60. We've invested over a billion dollars so we can keep cranking out tons of them.
- 61. Think you can pass up a deal this great?
- 62. You must be interested in high performance you're still reading.
- 63. It's the greatest 486 ever made.
- 64. You're too smart to pass this offer up.
- 65. Why not?
- 66. It's tough to argue with 100MHz performance.

- 77. Did we mention that it's the best value available in 486 CPUs?
- 78. Now you can afford that cellular phone.
- 79. Without a doubt, the best value in 486 CPUs.

80. Everyone in your

- office will be jealous. 81, 100MHz. Golly, that's
- 82. It's at least worth a test drive, isn't it?
- 83. Turtles run faster than your current systems.
- 84. Performance equal to a 60MHz Pentium.
- 85. Compatible with your software, peripherals, networks—everything.
- 86. Runs PC Tools.

Advanced Micro Devices

NEWS: WORLD TRADE US soda ash exports face dumping duties

The state of the s

The European Commission is set to impose provisional anti-dumping duties on soda asb imports from the US in a move which will infuriate European glass producers.

The decision, expected at the end of next month, follows an investigation launched nearly two years ago after European producers, notably Solvay, the Belgian chemicals group, complained that US producers were sell-ing products in Europe at prices below the level charged in the home

But glass manufacturers, the big-

argue that there is no link between US imports and the problems of the

soda asb industry. They say a drop in soda ash prices at the time the investigation was launched was the result of earlier action by the Commission in 1991 to break apert a powerful soda ash cartel - one of whose objectives was to exclude US producers - bringing proper competition to the sector. "Our people had access to other suppliers for the first time in years and years," said Mr Gilbert Maeyaert, secretary general of the CPIV European glass

the Commission gave them in 1991 with one hand - a properly competitive soda ash industry - it now intends to take away with the other,

by imposing anti-dumping duties. They believe Solvay and a group of industrialists, using the threat of job losses, persuaded the Commission to endorse duties in Decembar. That decision is now being looked at by the member states before final approval by the Commission.

Yesterday a Commission official said Sir Leon Brittan, the commissioner responsible for trade policy. "took months and months over this "There was dumping," said the offi-

cial. "The fatal mistake that the US industry made was that when the European cartel was busted, they started to dump." Glass producers concede that dump-ing probably did take place for a few

months, but argue that the conditions are now so altered that action by the Commission would be misguided. "If we take the Commission's defini-

tion of what is anti-dumping, it seems that for three to six months US soda asb was selling into Europe at too low a price," said Mr Luc Willame, chief

case and investigated it over and over executive of Glaverbel, the Belgian glass producer. However, be pointed out that soda asb imports now accounted for less than 3 per cent of the European market, and even at the time of the alleged dumping were

> "What we want is to maintain a good, competitive functioning of the market. We want to be sure that soda ash manufacturers are not going to use this protection to raise their

prices," said Mr Willame. Solvay, the biggest producer of soda ash in Europe, says duties are neces-sary to prevent "irreparable injury" to the European soda ash industry.

CONTRACTS AND VENTURES

China to maintain satellite launches

China will maintain its foreign satellite launch programme this year despile last week's explosion of a launch rocket which destroyed a \$160m communications satellite. The China Great Wall Industrial Corporation (CGWIC) said five planned satellite launches for foreign customers would go ahead this year. CGWIC, which markets China's satellite launch programme, was also discussing new contracts, a spokesman told

the official China Daily newspaper.

China's satellite programme suffered a serious setback with the destruction of the Long March 2E launch vehicle after lift-off. According to China Daily a video recording showed that fire broke out in the front part of the rocket. "Fire first eogulfed the satcllite compartment, then quickly spread to the trunk of the carrier rocket and finally caused an horrific explosion," the paper said.

The satellite was built by the GM unit of Hughes Space and Communications and would have carried signals across a vast section of the globe for high-profile clients including Reuters television and Turner Broadcasting. Tony Walker, Beijing

Lucas sets up Hubei venture

Lucas Industries, the UK motor components and aerospace group, is setting up its second vehicle brakes manufacturing joint venture in China. Lucas will have a 60 per ceot stake in the venture, which initially will produce 100,000 truck brakes a year at a \$8.5m plant in Shiyan city, Hubei province. If the project proceeds as planned, the plant will be producing 300,000 units annually within five years.

The joint company represents part of Lucas' strating to establish a presence in China's rapidly expanding industrial economy, it has a third joint veuture, but in the aerospace sector. Its partner in the truck brakes venture, to be called Lucas Hua Yang Vehicle Braking, is Hua Yang Eoterprise Group, a state-owned company with a lumover of around \$40m. China currently produces about 300,000 trucks over five tonnes annually. John Griffiths, London

■ Petronas, Malaysia's national oll corporation, has awarded 4 \$690m oil refinery construction contract to a consortium led by Chiyoda and Mitsui of Japan. The refinery, capable of processing 100,000 barrels of oil a day, will form part of a petrochemical complex being built near Malacca on the west coast of the Malaysian peninsula, Petronas and Conoco, the US oil company, are jointly developing the complex. A consertiuto of companies from the US, Japan, South Korea and Taiwan was originally given the refinery contract but unspecified differences between parties led to abandonment of the deal, Kieran Cooke, Kuola Lumpur

■ Innotech of Japan and Beijing University will set up a joint venture to design semiconductors for the Chinese market. The new company, capitalised at Y10001 (\$1.01m), will start operations in 1997. The venture will be owned 40 per cent by Beijing University, 40 per cent by Innotech, a maker of semiconductor manufacturing equipment, and 20 per cent by its

parent Itochu. *Reuter*, *Tokyo*Rrascan, the Canadian financial services group, plans to invest \$250m in commercial property and a hotel (in association with InterContinental Hotels) in the São Paulo and Rio de Janeiro areas of Brazil, Brascan and InterContineutal already have a joint venture botel in Rio. Robert Gibbens, Montreal

■ E. Phil and Sons of Denmark has won a \$64m cootract from the Port Authority of Jamaica to expand Kingston's container terminal. The terminal's facilities will have an additional 32 acres of paved storage for containers and 2,000 feet of berthing. The Port Authority is also buying two gantry cranes from Mitsubishi of Japan for \$13m. Canute James, Kingston

Brussels patent ruling complaints

By Emma Tucker in Brussels

Industry representatives from across Europe meet in Brussels today to set out their objections to Commission plans for reforming the rules governing the licensing of patents.

Following a flood of protest, the Commission has called a hearing at which industry will argue that proposals to limit the power of big companies to secure exclusive licences are unscientific and unworkable and will act as a barrier to

technological innovation. The process of licensing patents for new products and technologies is largely immune from EU competition rules, under special Commission powers that allow it to exempt certain anti-competitive industry agreements that are judged to yield other benefits - such as the advance of science and technology or consumer safety. However, the Commission

fears the system, by allowing dominant companies to secure exclusive licences, has enabled big husiness to monopolise the market in certain products and prevent access to new technology by outsiders.

The bloc exemption was due to expire at the end of last year. In preparation the Com-mission produced a replace-ment framework that was less generous to big business. It proposed that the new bloc

exemption should apply only to companies with a limited exclusive Specifically,

exempt from competition rules if the licensee's market share was no more than 40 per cent, and that the market was not oligopolistic - in other words, that the parties to the agree ment plus one other company did not bold a total market share of over 50 per cent.

The industry reacted furi-ously, it argues that market share is not a science and that the 40 per cent thresbold is bound to result in protracted arguments over how to mea-

sure market share. "Companies cannot be certain what their market share is, so they therefore cannot be certain that they will benefit from the bloc exemption," said one industry representative in Brussels. "If it is 39 per cent they are safe, but if it is 41 per cent they are illegal. There are bound to be arguments with the Commission, which has traditionally tended to define

markets very narrowly."

The new rules, the industry says, will lead to long delays it cannot afford when it is in the process of licensing patents and know-bow, and will intro

duce uncertainty. "Not only is uncertainty bad for business, it is particularly pointless for new products because no one knows about the market yet," said Mr Andrew Popper of British Technology Group. "So in prac-tice it will damage technology transfer and impede new inventions and products coming to the consumer."

Japanese vehicle exports fall 11%

By Krishna Guha in London

Japan's vehicle exports fell to a 17-year low in 1994, declining 11.1 per cent to 4.46m vehicles, according to figures released by the Japanese Automobila Manufacturers Association (Jama) yesterday.

The figures will compound car trade difficulties between tbe US and Japan; talks between the two ended without agreement last week. Last year was the ninth con-

secutive year in which Japan's vehicle exports have fallen in the face of stiff foreign competition in US and European mar-kets and the appreciation of the yen. Analysts said exports were likely to remain subdued in 1995 as Japanese companies switched production to cost-

efficient plants overseas. Mr Seuchiro Iwasawa, senior analyst at Nomura Research will have a big effect."

By Michiyo Nakamoto in Tokyo

Japanese steel companies will appeal

against a preliminary ruling by the US

Department of Commerce that they have

een dumping seamless pipe products in

Sumitomo Metal Industries, Japan's

largest producer of seamless pipes, said

yesterday the ruling and the 44.2 per cent

dumping margin set by the Commerce

Department were "very regrettable".

"We have always said that our exports

are specialty products which US makers

Institute, said: "Japan's vehicle exports will continue to fall because exports to the US and Europe will remain slow, even if exports to other areas such as Asia increase. Japan's motor vehicle

exports to the EU fell 16.5 per cent in 1994 to 815,911 vehicles, considerably less than the agreed quota of 993,000. Sales of Japanese marques have recovered from their recession low in recent months but Japanese companies have responded by increasing production at European plants and subsidiaries such as Mitsuhishi's NedCar, based in the Netherlands, Mr Iwasawa said: Exports from Japan are unlikely to increase because Japanese carmakers are increasing local output. Mitsubishi will start production at its Dutch unit this year. That

1975 75 77 78 79 80 81 82 83 84 85 86 87 86 89 90 91 92 93 94

Japan: total vehicle exports

Japan's finished vehicle exports to Asia fell by 20.2 per cent in 1994 to 594,335 vehicles, though exports of car parts to Asian assembly plants A Jama official said Japanese car manufacturers had

cannot produce and therefore our exports are not damaging US makers," a Sumi-

tomo representative said yesterday. The

against vehicles produced locally because of the cost burden imposed by the yen. However, Japan's vehicle exports to the US rose in 1994, up 1.6 per cent to 1.64m vehicles in spite of a fall in

given up trying to compete

once more without formal agreement on Friday. See Editorial Page feature passenger car exports. This Protest at US steel pipes ruling

will intensify US demands for

progress in talks over recipro-

cal IIS access to Japanese car

and vehicle parts markets, at a

time wben Japan's domestic

industry is suffering from the

Talks, which had been

suspended since October,

resumed at sub-cabinet level in

Washington last week. How-ever, they failed to hreak the

deadlock over "complex techni-

cal issues" and were postponed

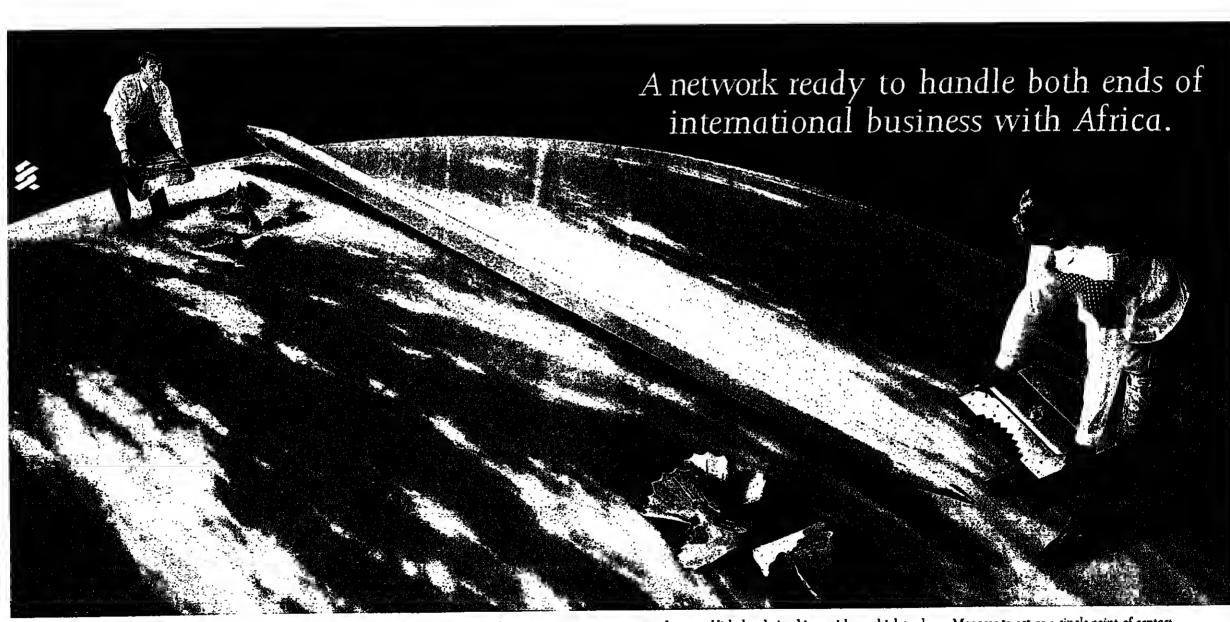
decline in its overall exports.

company intended to press this point with the International Trade Commission. The Commerce Department's ruling is the latest development in an anti-dumping charge launched last June by seven US

producers, led by US Steel. It follows a preliminary ITC ruling against Japanese steelmakers in August which determined that Japanese imports to the US of seamless pipes might have damaged US manufacturers. The ITC is

conducting further investigations While neither ruling so far is final, the impact on Japanese exports of seamless plpes for oil drilling to the US has been severe. "I don't think there have been any new business negotiations [with US customers] since last June," a representative

of Nippon Steel said yesterday. Any negotiations since the anti-dumping charges were filed would have to be conducted with the understanding that the customer in the US would bear any additional costs associated with dumping



Like our pencil, this is a story with two points. The first is the exceptional breadth of our African business: a Group network of over 250 offices in 13 countries, in some of which we have been established for over a hundred years. The second is the size and scale of our total Group network, of over 600 offices in more than 40 countries worldwide.

Devices

For international businesses with African interests, or far African businesses with international interests, aur

two points add up to one key benefit: connections.

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our long-established relationships with multi-lateral arganisations help smooth the path far majar industrial and infrastructural developments.

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Few banks can match Standard Chartered's ability ta orchestrate its international resources to make connections between the markets of Africa, and the rest of the world. It is a question not just of maintaining an international network — but of international networking.

Standard & Chartered

INTERNATIONAL NETWORKING

Mexican markets tumble on package fears

By Ted Bardacke and Lestle Crawford in Mexico City

Mexican financial markets were hit hard yesterday by fears that the proposed \$40bn (£25.6bn) US package of loan guarantees would be defeated in the US Congress and market rumours that the country's international reserves are falling to dangerously

Adding to investor worry is the perception that the Mexican government. which initially thought passage of the US package was assured, may have heen lulled into a false sense of secu-

By Peter Norman and Guy de

Mr George Soros, the financier,

yesterday warned that a failure of the US Congress to approve the \$40bn (£25.6bn) support

package for Mexico would have

very serious implications for

the Mexican and world econo-

appeared that the US govern-

ment guarantees on which the

package depends would not

pass Congress. The momentum had turned against it, be said.

can crash could be very severe.

It has very very serious impli-

cations for the world econ-

omy," he said.

"The fall out from the Mexi-

If stability is not re-estab-

lished in Mexico, it would have

a knock on effect throughout the world because investors

Mr Soros predicted a nega-

tive effect oo all countries that

have relied oo foreign invest-

ment for economic growth.

These were the countries

which had produced growth in

Mr Soros's grim assessment

reflected a deepening sense of

gloom about Mexico among

participants at the World Eco-

nomic Forum in Davos.. He

said he believed moves were

underway to reinforce an ear-

lier package of international

would be shellshocked".

the world economy.

Jonguieres in Davos

Soros warns

of danger to

world economy

US administratioo's plan.

of Seven finance ministers and

He said his own business interests had suffered a loss

that was "not very significant"

since the Mexican crisis broke.

His main exposure was in two

financial companies wblch

Angus Foster adds from

São Paulo: The announcement last week by Argeotine presi-dent Carlos Menem that four

South American countries are

planning a Sibn loan for

Mexico has annoyed Brazilian

congressmen, many of whom do not want their country

Brazil's president Mr Fern-

ando Henrique Cardoso, trying

to defuse criticism of the loan

in Brazil, described the idea as

"very preliminary". A Brazil-

ian government official said

any loan would be largely a

"political gesture" and would

be conditional on the US Con-

gress approving the \$40bn loan

guarantee deal.

involved in the package.

were long-term investments.

central banks governors.

n'ty and lacks a contingency plan should the US package fail. By mid-day, the stock market had fallen by 2.61 per ceot and the peso had hit an historic low oo rumours that Mexico's international reserves had fallen to as low as \$2ho. The slide cootinued despite central bank statements denials of the depleted reserves.

The US dollar remained in heavy demand driving the peso down to 6.25 pesos to the dollar after closing 5.67 pesos on Friday. As of January 3, reserves stood at \$5.5bn and the cenCeotral bank officials also said that they were drawing on the \$10bo credit line extended by the US Treasury and Canada's central hank to shore up reserves. Many private economists have estimated current reserves to be approximately \$4bo-\$5bn.

With low reserves and without the US loan guarantees, Mexico may have trouble paying off its short-term dollar linked debt, which traders say is leading foreign investors to buy dollars in anticipation of this year's maturity of such deht - amounting to tral bank said new official figures \$17bn in government securities would be published on February 9. and \$18bn in short-term private bank

In New York, Mexican equibes were also off sharply, with shares of Telmex hitting a 52 week low. Analysts said that in addition to general selling of Mexican stocks, continued turbulence in the markets was making it difficult to make earnings projections for 1995, thus forcing investors to stay

out of the market completely. Mexican banks have also been caught up in the uncertainty. Banca Serfin, the country's third largest hank announced that it had set aside 1.4hn new pesos (\$250m) in loan loss reserves, a 649 per ceot increase over

1983. Serfin posted a oet profit of 185m new pesos for the year ending December 31, 1994, a \$1.2 per cent drop compared to 1983. So far, Mexican authorities have not iodicated what their economic strategy might be should the US aid package fail to be approved by the US Congress.

Both foreign and domestic investors are now pressuring the government to draft contingency plans that go beyond reliance on the offers of financial aid pledged by friendly governments, the International Monetary Fund and commercial banks totalling some \$25.7bn.

AMERICAN NEWS DIGEST

Peruvian troops rush to border

Peruvian forces continued in mass on the frontier with Ecuador yesterday following border clashes between the armed forces of the two countries. As tensions escalated, the permanent council of the Organisation of American States met in Washington at Ecuador's request. Reports indicated that up to 20,000 Peruvian soldiers had been mobilised. Several Peruvian warships and submarines have also been moved into the area around Paita and Talara - site of a big Peruvian oil refinery - on the northern coast. A communique is ned in Lima said a Peruvian helicopter was shot down over Peruvian territory on Sunday by an Ecuadorean missile, killing five crew members. It also said the Peruvian army had retaken a

border area invaded days earlier by Ecuadorean troops.
Ironically, two Ecuadorean banks bave just made sumificant investments in Peru: the Banco Popular recently acquired 53 per cent of Peru's Banco Interantino and Banco de Pichincha 55 per cent of Lima-based Banco Financiero. Two other Ecuadorean financial institutions are evaluating possible hids for Peru's state-owned Banco Continental, due to be auctioned in a few weeks. The Lima stock exchange, which has a large foreign investor presence, reacted nervously. By midday the blue chip undex was 7 per cent down. Sally Bowen, Lima

See Feature

UN to approve Haiti force

The United Nations Security Council appeared set last night to The United Nations Security Council appeared set last night to approve deployment of a 6,000 member UN force in Haiti. taking over military control from the Americans. Although China was said to have last-minute reservations on some details, a final decision was expected. Completion of the military transfer to the UN is scheduled for March 31 and the Council's mandate would initially be for six months, at a cust of just over \$178m [2]14.1m). France and Ireland, but not Britain, are among countries that have promised truops for the UN operation. Their commander will be an American Maid-Countries. UN operation. Their commander will be an American, Maj-Gen Joseph Kinzer. About a third of the force will comprise US troops. Michael Littlejohns. New York

US personal incomes up 0.8%

US personal incomes rose 0.8 per cent in cash terms last month and by 6.1 per cent during 1994 as a whole, the largest cash increase in four years, the Commerce Department, reported yesterday. The December gain was bigger than most analysts expected and provides further evidence that rapid employment growth is boosting living standards. Personal consumption spending, however, rose only 0.3 per cent last month, confirming the pace of household spending cased at the end of last year. The figures follow the release on Friday of data on gross domestic product which showed the economy grew at an annualised rate of 4.5 per cent in the fourth quarter. Real consumer spending grew 4.8 per cent during the quarter as a whole, despite the slowdown in November and December, Federal Reserve governors and regional presidents meet in Washington today and tomorrow to dehate the monetary outlook. Most economists expect the Fed to signal another half-point increase in short-term interest rates to 6 per cent.

Last year's growth in personal incomes shows that the benefits of economic growth are feeding through into higher household living standards. But the improvement is more modest after allowing for inflation and taxes. Real disposable incomes grew 3.5 per cent last year against 1.5 per cent in 1988. After allowing for population growth, last year's per capita increase in real disposable income was 2.5 per cent. Michael

Clinton urges humane reform of US welfare

By Jurek Martin in Washington

President Bill Clipton yesterday committed his gov-ernment to "meaniogful" reform of the US welfare syssupport for Mexico in the event tem this year, with substantive that Congress voted down the administrative power transferred from Washington to the It was possible the original 50 states.

\$18bn of support from foreign But he warned the natioo's governments and international banks might be made available povernors not to use their newfound power to pursue reform for a longer period of time. The plight of Mexico is now in a callous manner. "We do have a national interest in oro-tecting our children," he said expected to top the agenda of the meeting on Friday and Sat-urday in Toronto of the Group in a morning speech to the national governors conference.

Mr Clinton said be had loog approved of the principle and most of the practice of "block grants" from the federal government to the states and thought that the states should enjoy greater flexibility over bow to administer programmes and where to spend money.

But some of the more radical ideas emanatiog from the Republican leadership in Congress and some of the states concern the administration. Ms Donna Shalala, secretary of health and human services. spoke yesterday of not letting the poor and the young fall through the social safety net.

The governors themselves are divided, mostly on party lines, oo the issue, perhaps to the point of not being able to find the necessary three-quarters approval at their conference for a position paper which which would become their official policy.

The presideot spent much of the weekend with the governors – and also a conference of mayors from across the country. He reported broad agreement on the need to reduce teenage pregnancy, on forcing maintenance and generally to

reduce the climate of "depeodency" that conservatives claim is fostered by the existing welfare system.

But as he put in his week-end national radio address, "I don't believe we should punish people because they happen to be poor or because of past mistakes. Ano, absolutely, we shouldn't nurish children for their parents' mistakes." This constituted a direct crit-

icism of some Republican notions, which would decy assistance to unwed teenage mothers or remove their children from their direct care.

The federal weifare budget cost curreotly stands at about \$12.55; (28bo) a year, with the cost to the states an additional \$10.2hm Aitogether about 14m people receive assistance from the Aid to Families with Dependent Children programme, the main federal wel-fare vehicle.



Ctinton: reform commitment

Mr Clinton proposed his own welfare reform bill last year. but it fell foul of Republican obstruction. This year's legisla tion will be principally drafted by the new Republican majority, though the president'a aim is clearly to soften it at the

Top banker warns over derivatives

By Peter Norman in Davos

The banking industry could find itself facing official restrictions over derivatives unless it takes action to reassare legislators its own controls are adequate, a senior central hanking official warned yesterday.

Mr Andrew Crockett, the general manager of the Bank for International Settlements, said more regulation was not

the answer to the receot headline-making losses incurred by some corporations and Orange Connty, California, through lovesting in derivative financial prodocts.

But be warned that regulation would come "willy nilly" in response to public pressure unless senior managers in the institutions selling and using derivative products recognise tbeir responsibilities. Senior managers should

nnderstand derivatives when they used them, and be pre-pared 10 say no to subordinates advocatiog their use if they did not understand them. Financial Institutions should institute proper risk controls. ensuring that those carrying out internal audits of derivative positions were segregated

from traders. Speaking at the World Economic Forum in Davos, Mr Crockett said an "amber or red light" should go on In the board rooms of a manufacturing or everyy company if it expected its treasury department to make large profits from financial activities.

Defending derivatives, he sald they had not enlarged the categories of risk facing business, ft was very important that legal uncertainties surrounding new financial instruments should be speedily tested and resolved.

"Arrival 2:00 am: the last thing you'd expect is immediate access to world markets."



"That's only one of the many advantages of the Deluxe Business Floor suites at the Taj Palace Hotel. There's personalised check-in and 24-hour butler service. On request: in-room fax, background information on 27 major Indian industries, from Computing and Finance to Power and Telecommunications, and, on-line access for national and world business information on your room TV - all amidst luxuriously appointed comfort. And, of course, the finest dining in the city."

TAJ PALACE HOTEI New Delhi

A TAJ LUXURY HOTEL



Israel cancels france tries to step away from Algerian conflict By David Buchan and John Ridding in Paris A car bomb exploded along a crowded street near Algers main police station yesterday main police station yesterday radio and communication market gains

By Julian Ozanne in Jerusalem

Mr Avraham Shochat, Israel's finance minister, yesterday caved in to political and public pressure and cancelled a controversial capital gains tax on stock market profits, marking an embarrassing U-turn in eco-

nomic policy.

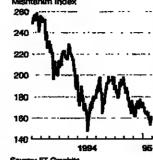
The cancellation will further damage the credibility of the financa minister and exacerhate the image of a govern-ment awash with self-doubt and confusion about important economic and political deci-

Market analysts said tha cancellation of the tax was a hoon to investors and predicted share prices would soar today on the Tel Aviv market. But they warned of potentially damaging effects of the Lahour-led government's response to its slump in recent opinion polls, partly caused hy discontent among thousands of small investors about the tax.

"It is good news for the market and for investors," said Mr David Rosenberg, market analyst at Pacific Mediterranean Investments. "But it is clear we are running into an election season and the government is in pretty dire straits, and this is the first stop on the campaign trail. If you are lcoking forward and you are worried about the government engaging in election economics, you should be a little con-

Mr Shochat, who made his announcement after the market closed, said he still believed the tax was economically and socially justifiable to broaden the tax base and tax capital as well as labour. He also denied the link between last year's 30 per cent market slump and the announcement of the tax last August. But he said a "political, social and psychological climate was created in which a link was made" and the governing party "found it difficult to withstand incredible pressures... that the tax had led to a crisis and that the political price being paid

In an interview last night Mr Shochat said be had been forced to bow to "the great sensitivity of the public" and end



the embarrassment surrounding the tax but ha dismissed growing speculation he would resign or that there would be further populist changes to

economic policy.

"It is a pity I have to cancel the tax and I don't deny I prefer to implement it, hut it does not set an example for other government economic policies." he said.

Mr Shochat's announcement followed a row in cabinet on Sunday when Prime Minister Yitzhak Rabin attacked the tax and blamed his finance minister for getting him to back a tax which proved unpopular and provided no revenue given the conditions in the market.

Ministers said Mr Rahin had complained hitterly that the tax, which had been due to take effect on January 1, had not been implemented and at one point said: "We can say we made a mistake."

Mr Shochat was reported to have said: "Just like we made a mistake in Oslo [with the Israeli-Palestinian peace agreement]. This is a government of mistakes."

For several months Mr Shochat has fought off a campaign by populist ministers to abolish the tax and force him to

"Shochat is now a dead duck," said Mr Pinchas Landau, columnist for the Telegraph business newspaper. "He is washed up. The Treasury is not functioning but more importantly the government as a whole is seen to be not merely buffeted by public opin-ion but completely inconsis-

civil helicopters and scale down sales of military radios and special protection gear to Algeria, in an attempt to affirm its neutrality in the hloody civil war hetween Algeria's security forces and Islamic fundamentalists, a French official said yesterday. At the same time a senior French military officer said that, while government forces had "over the past month or two regained a certain control" over some territory previously

"only a political solution" could end the strife. He said the security forces "tactical successes" had changed the pattern rather than the scale of the violence. Several hundred people were still dying each week, with the army suffering fewer losses and organisations such as the Islamic Armed Group (GIA)

taking more casualties.

held by the fundamentalists,

killing 38 people and injuring about 256, security forces said, Reuter reports from Algiers. It was by far the worst bombing during a three-year insurgency by Islamic militants that has killed an estimated 30,000 peo-

was heard shortly after the explosion. There was no immediate claim of responsibility. The attack followed an exhortation by the Islamic Salvation for its followers to intensify attacks during the dan, which began today.

Sporadic antomatic gunfire

Because of this the GIA was operating more at night, but it still had "refuge areas where the security forces cannot pen-

Following the Air Algérie hijacking over Christmas, Prime Minister Edouard Balla-

radio and communicationa equipment and special flak jackets and helmets. Officials said yesterday existing contracts would probably be fulfilled, but new contracts

Even before the hijacking, the French government had refused an Algerian request for the "militarisation" of the nine Ecureil civil helicopters that Algiers ordered from Eurocopter last year.

Yesterday Eurocopter, the joint company of Aérospatiale and Daimler-Benz Aerospace, said delivery of the Ecureils, due to start this month, had been frozen.

The French officer said he had no evidence that Algerian fundamentalist guerrillas were receiving any substantial outside help. "But the longer this crisis lasts, the greater the chance of it being internation-



Algerian women holding signs reading "No to dialogue" march through Alglers yesterday stesting against peace overtures by oppo

This prospect was discussed at a January 21 meeting in Tunis of interior ministers from France, Spain, Italy, Portugal, Tunisia and Algeria hut not from Moroeco, minister pointedly stayed

Meanwhile, Mr Charles Pas-

qua, France's hardline interior minister, has continued to take a gloomier view of the Algerian political solution than fellow ministers.

In contrast to the welcome given by Mr Alain Juppe, the French foreign minister, to the by the Algerian opposition, Mr it was "unthinkable" that the fundamentalists would ahandon their aim of an Islamic state - which, according to the interior minister,

'Economic strains' for Arab states

Arab states will face further economic strains in coming years due to rising unemploy ment and a population growth rate higher than the world average, said a report by four Arah institutions, Renter reports from Abu Dhabi.

The 1994 report on Arab economies estimated that 3m cople would seek to enter the Arab labour market each year etween 1996 and 2000.

The report, based on figures for years up to 1993, was compiled by the Arah Monetary Fund, the Arah League, the Arab Fund for Economic and Social Development and the Organisation of Arab Petro-

leum Exporting Countries. It said there were 240m Arabs in 1993, adding that the population grew at a yearly rate of 2.7 per cent from 1990 to 1993, compared to 1.9 per cent for developing states as a whole and 0.6 per cent for industrialised ones.

The fast growth reflected falling death rates and fertility rates almost double those of developing countries as a

US extends its N-test ban to boost talks

By Bruce Clark, Diplomatic Correspondent

President Bill Clinton's national security adviser, Mr Anthony Lake, said yesterday the US had decided to extend its moratorium on nuclear testing. The unilateral ban had been due to expire in September, but was extended for a year to allow negotiations on a comprehensive test ban treaty to be

Mr Lake added that the US was also dropping its insistence on an clause allowing it to opt ont of a test ban treaty after 10 years in an effort to complete the CTB treaty.

seen as an important totem in the run-up to negotiations on renewing the nuclear non-proliferation treaty, dne to start in April. Non-nuclear weapons states want testing banned because it allows others to develop more sophisticated bombs

A comprehensive test ban treaty would be seen as a sign that the nuclear weapons states are serious about disarmament and would make it easier for them to achieve their goal of a indefinite extension to the NPT.

25-year life; if it fails, the world could

to join. Important absentees include The NPT review conference coincides with the expiry of the current treaty's

spread of nuclear arms. All five existing nuclear powers the US, UK, Russia, France and China

 and all the other main western conntries arc in fovonr of an Indefinite extension. But, as things stand, supporters of this proposal are about 20 votes short of the majority they need. Some 170 of the 185 members of the UN are party to the treaty, and Argentina and Chile have said they are about

Israel, India and Pakistan. A group of about 20 non-aligned states has argued for a 10- or 25-year extension to keep pressure on nuclear

The push for a full test ban treaty is in theory have no legal obstacles to the states. They orgue that the unclear powers have failed to keep their side of the NPT bargain, which requires pursuing disarmament - including a test ban - and sharing technology.

BASIC - an Anglo-American lobby group on disarmament issues - s gests in a report today that the US will step up economic and political pressure on countries holding out against prolongation. "There is speculation that the US and its ailles will twist arms by making financial and political support for particular countries conditional on indefinite extension," it says, adding that Mexico is likely to be one of the

Green light for banks in S Africa

The Johanneshurg Stock Exchange is to proceed with plans to allow full ownership of local broking firms by banks and foreign brokerages this year and will introduce fully automated trading from early 1996. Mr Roy Andersen, JSE president, said yesterday

The exchange has decided to give a target of November 8 1995, as the date after which banks and foreigners can enter the market directly. local banking groups.

Several British merchant banks have established formal links with South African brokers in anticipation of the changes.

Mr Andersen also said the exchange had completed research into the feasibility of screen trading and was looking at tenders for the installation of an Automated Trading System. He hoped the system would be set up this year and fully operational in 1996.

The plans have been broadly welcomed by

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						July 1994
			January 1994	January 1994	March 1994	
January 1994 LPHA Airports Group PLC	May 1994 CIR S.p.A.	December 1994 Elopak A/S	Her Majesty in Right of Canada	Kingdom of Sweden	Kinki Nippon Railway Co., Limited	Liberty Life Association of Africa Limited US\$320 million
Flotation, Public Offer and Placing of 113,087,500	Lit 591 billion Rights Issue of 6% Convertible Notes due 1999	NOK 360 million Syndicated Revolving Credit Facility	USS2 billion FRN, due 1999	US\$2 billion FRN, due 2001	SFr 300 million 2% Notes with Warrants due 2001	due 2004
Ordinary Shares at 140p each inancial Adviser and Underwriter UBS Limited		Joint Arranger Union Bank of Switzerland	Joint Leid Manager UBS Limited	Joint Lead Manager UBS Limited	Joint Lead Manager Union Bank of Switzerland	UBS Limited
November 1994 Akzo Nobel NV	May 1994 CLC/Petrogal	April 1994 Empresa National de Electricidad S.A.	June 1994 Her Majesty in Right of Canada	T	rkets wl	are fin
US\$700 million Revolving Credit Facility	US\$269 million Project Financing	Adviser to evaluate the Spanish cellular phone market	USS2 billion 6.5% Bonds, due 1997	In ma	rkets wi	e hands
Joint Arranger and Agent Union Bank of Switzerland	Adviser Union Bank of Switzerland	Adviser UBS Limited	Joint Lead Manager UBS Limited	y o u a		
June 1994 Aylesford Newsprint Limited	May 1994 CLS Holdings plc	July 1994 ENI S.p.A.	March 1994 Her Majesty The Queen in Right of New Zealand			
£150 million Project Financing	Flotation Issue of 45,045,045 Ordinary Shares at 111p	Adviser for the sale of Nuovo Pignone S.p.A.	US\$1 billion FRN. due 1999			
Agent and Joint Lead Arranger Union Bank of Switzerland	Joint Adviser and Sole Broker UBS Limited	Adviser UBS Limited	Joint Lead Manager UBS Limited			
October 1994 Booker plc	May 1994 Cowie Financial Holdings plc	November 1994 EVC International NV	September 1204 Humber Power Limited			
Cash Placing of 10.5 million Ordinary Shares at 404p each	£200 million 3 year Revolving Credit Facility	Global Offering of 10,000,000 Ordinary Shares at NLG 77 each	£520 million Project Financing for a 750MW Gas-fired Power Station			
Joint Broker UBS Limited	Joint Arranger Union Bank of Switzerland	Joint Global Co-Ordinator UBS Limited	Agent and Joint Lead Arranger Union Bank of Switzerland		大地域。	
March 1994 Capital Shopping Centres PLC	May 1994 Crèdit Local de France	July 1994 Formosa Chemicals & Fibre Corporation and	September 1994 The International Bank for Reconstruction and Development			
Initial Public Offering of 91,000,000 Ordinary Shares at 230p each	FFr 1 billion 7.25% Bonds, due 2003	Nan Ya Plastics Corporation USS600 million 14.% Bonds, due 2001	US\$1.5 billion Global 7.125% Bonds due 1999			
Joint Lead Manager UBS Limited	Joint Lead Manager UBS France S.A.	Lead Manager UBS Limited	Joint Lead Manager UBS Limited			
November 1994 Chakwal Cement Company Limited	December 1994 Crédit Lyonnais "Titricarte"	November 1994 Forte Pic	September 1994 Intershop Holding AG			
US\$100 million Global Depositary Receipts	FFr 2 billion First Revolving Credits Securitisation in France	£177 million Vendor Placing of 78,000,000 new Ordinary Shares at 227p	SFr 101.31 million 31/2% Bonds with Warrants due 2000 by way of Rights			
Lead Manager UBS Limited	Joint Lead Manager - tranche A Lead Manager - tranche B UBS France S.A.	Financial Adviser and Underwriter UBS Limited	Lead Manager Union Bank of Switzerland			
May 1994 Chia Hsin Cement Corporation	November 1994 Depfa Bank	July 1994 Gardner Merchant	November 1994 IZASA S.A.			
US\$65 million 4% Convertible Bonds due 2002	DM 750,000,000 74% Bonds, due 1999 Joint Lead Manager	£240 million refinancing, working capital and acquisition facility	Ptas 8,000 million Structured Syndicated Term Loan			
Joint Lead Manager UBS Limited	Joint Lead Manager Schweizerische Bankgesellschaft (Deutschland) AG	Co-Arranger Union Bank of Switzerland	Co-Arranger and Co-Underwriter Union Bank of Switzerland			94 A
July 199 Cia. Valenciana de Cementos S.A.	September 1994 Electricidad de Portugal S.A	November 1994 Guinness PLC	June 1994 Kingdom of Belgium	February 19 Kingdom of Sweden	Kunyoung Co., Ltd.	Merloni Elettrodome
Ptas 35 billion Syndicated Term Loan	DM 375 million Syndicated Term Loan	Block trade of 72,000,000 Ordinary Shares	US\$500 million 7% Bonds, due 1999	£200 million 6.25% Bonds, due 199	SFr 25 million 9 0.75% Convertible Bon due 1999	ds US\$ 100 million Revolving Credit 1 due 1997



Lead Manager Union Bank of Switzerland

Joint Lead Manager UBS Limited

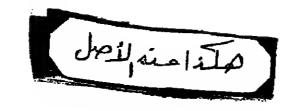
Joint Lead Manager UBS Limited

Lead Manager UBS Limited

Co-Arranger and Co-Underwriter Union Bank of Switzerland

Co-Arranger and Co-Underwriter UBS (Luxembourg) S.A.

Joint Arranger Union Bank of Switzers



March 1994 May 1994 November 1994 December 1994 September 1994 January 1994 April 1994 ont Blanc Capital Norcor Holdings PLC Österreichische Perstorp AB Tele Danmark A/S UniChem PLC Samsung Postsparkasse **Electro-Mechanics Co Ltd** 1 billion programme Floration, Placing SFr 250 million US\$150 million SFr 70 million Initial Public Offering Rights Issue \$340 million issued of 14,166,667 55%% Bonds Syndicated Revolving of 24,430,796 0.25% Convertible Bonds of 63 million December 1994) **Ordinary Shares** Re-opening, due 2002 New Class B Shares Credit Facility due 2000 Ordinary Shares at 120p each at DKK 310 each at 245p each nger of sales to MBCC inding in US CP markets Lead Manager Adviser and Broker European Lead Manager UBS Limited Joint Arranger Lead Manager Joint Underwriter and Broker **UBS** Limited **UBS Limited** Union Bank of Switzerland Union Bank of Switzerland Union Bank of Switzerland **UBS** Limited kets when ial strength matters, in safe hath UBS. June 1994 November 1994 August 1994 November 1994 Pharmacia AB **SHV Energy Holdings** Tesco PLC Unilever NV **UK Limited** US\$S00 million £130 million £247 million acquisition US\$200 million 8% Bonds, due 1999 Syndicated Revolving Term Loan Facility Credit Facility Wm Low & Company PLC Lead Manager Joint Arranger Union Bank of Switzerland Broker Joint Lead Manager **UBS** Limited Union Bank of Switzerland UBS Limited December 1994 June 1994 September 1994 September 1994 Philips Electronics NV The Halifax Singapore Union Fenosa S.A. Telecommunications **Building Society** International Limited US\$ 2.5 billion Purchase of StjärnTV £250 million US\$100 million Revolving Credit Facility 8.75% Bonds, due 1997 from City of Stockholm Syndicated Term Loan Senior Lead Manager Joint Lead Manager Adviser Co-Arranger and Agent Union Bank of Switzerland **UBS Limited UBS** Limited Union Bank of Switzerland October 1994 December 1994 November 1994 June 1994 Prospect I (HFC Bank) **UPF** Group plc Stadshypotek AB THK, Co., Ltd. £162.775 million securitization issue SFr 100 million Offering of Flotation, Placing of 17,878,864 Class A Shares 21/4% Convertible Notes due 1999 Lead Manager of £144.6 million at SEK 92 each Ordinary Shares at 108p each Senior Notes Lead Manager and Sole Underwriter of £18.175 million Co-Lead Manager Lead Manager Mezzanine Certificates Adviser and Broker **UBS** Limited Union Bank of Switzerland **UBS** Limited UBS Limited January 1994 April 1994 September 1994 March 1994 P.T. Indofood Sukses Stora Kopparbergs Thomson-Brandt Vodafone Makmur Bergslags AB International BV US\$S00 million US\$102 million FFr 1 billion £33.3 million vendor placing of 7.5% Bonds, due 1997 Exchangeable Bonds Senior Notes due 1997 5,910,166 Ordinary Shares at 564p each Lead Manager Joint Lead Manager Broker Placement Agent UBS France S.A. **UBS Limited UBS** Limited **UBS** Securities Inc November 1994 June 1994 February 1994 May 1994 Vymnra PLC Südelektra Holdings AG TransAtlantic Holdings PLC Renault International Offering Rights Issue of £2S0 million Flotation of 24,784,383 1S0,000 Bearer Shares 51/2% Convertible Bonds Placing of 16,046,468 due 2009 Ordinary Shares at SFr 1,000 Ordinary Shares at FFr 176 each at 1S0p each Joint Lead Manager UBS France S.A. Lead Manager Lead Manager Sole Broker Union Bank of Switzerland **UBS** Limited **UBS** Limited August 1994 February 1994 April 1994 July 1994 Tring International Group Sulzer AG Winterthur Finance Ltd. Republic of Italy PLC Flotation, Placing SFr 300 million US\$4 billion SFr 116 million Global FRN, due 1999 2% Convertible Bonds of 21,186,440 21/4% Bonds with Warrants, due 1999 Ordinary Shares due 1999 at 118p each Joint Lead Manager of Lead Manager Lead Manager Adviser and Broker US\$1.5 billion tranche **UBS** Limited Union Bank of Switzerland **UBS** Limited Union Bank of Switzerland June 1994 May 1994 May 1994 September 1994 March 1994 Oy Rettig Ab Myllykoski Oy (and other shareholders) Tate & Lyle PLC Republic of Portugal Nutreco ura International plc Note: Desire US\$340 million DM 2.5 billion £100 million Sale of 26.9% of senior acquisition US\$250 million 8% Bonds, due 1999 Oy Partek Ab to Aker a.s. Global FRN, due 1999 debt and working 364 day capital facilities for the olving Credit Facility US\$550 million MBO from BP loint Lead Manager Joint Lead Manager Adviser Joint Arranger **UBS** Limited

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12

Information for Siemens shareholders

Industrial business revives

Growth spreads to Germany – restructuring continues

In the first quarter of fiscal 1995, the reviving German economy boosted domestic business for the first time in two years. Significant growth was also achieved in most other countries in the European Union. The components sector again showed high growth rates, and solid increases were also recorded in the industry segment as well as by Siemens Nixdorf. Overall, new orders rose 4%, sales 7% and net income 8%.

Orders

During the period under review, Siemens received new orders totaling DM22.2 (1994: DM21,4) billion. Orders in Germany rose 5% to DM8.6 (1994; DM8.2) billion. Despite unfavorable exchange rates, international orders increased 3% to DM13.6 (1994: DM13.2) billion. Whereas growth in 1994 had been boosted 33% by several major projects and the consolidation of Osram Sylvania, the increase this year was generated less by large projects than by a surge in the standard products business. Orders from Germany's European neighbors were up more than 20%.

Sales

In the first three months, worldwide sales rose 7% to DM18.5 (1994: DM17.3) billion. Here, too, growth was largely attributable to the expanding German economy. Sales in Germany showed a solid 16% increase to DM8.3 (1994: DM7.2) billion, bolstered by the billing of several major projects. International sales, at DM10.2 (1994: DM10.1) billion, sustained their previous year's high level. As with new orders, unfavorable exchange rates burdened growth by three percentage points.

Business segments

The operating groups in the industry business segment profited most from the economic upswing in Germany and Western Europe. The Automation Group in particular, along with the Industrial and Building Systems and Drives and Standard Products Groups, benefited from increasing capital investments by European industry and recorded in part double-digit growth in orders. Siemens Nixdorf Informationssysteme AG also showed above-average growth in its German and international business. The components sagment continued to expand, and the Automotive Systems Group again posted a significant increase in orders. The Transportation Systems Group, on the other hand, wasn't quite able to match its previous year's high level of orders fueled by major international projects. The same was true for the Power Generation Group (KWU). The Private Communication Systems and Public Communication Networks (ÖN) Groups recorded double-digit growth rates in their international business, enabling ON to offset declining orders in Germany.

Employees

With the beginning of the fiscal year, part-time employees were counted arithmetically rather than as full figures. Following this recalculation, the number of employees worldwide totaled approximately 376,000 at 30 September 1994. Although consolidation of newly acquired companies on 1 October 1994 raised this total by 3,000, the increase was offset by a reduction of 3,000 jobs during the first quarter. At 31 December 1994, Siemens had a total of 376,000 employees.

Capital spending and net income

Net income after taxes rose 8% to DM448 (1994: DM415) million. Earnings in the first quarter were again burdened by high restructuring costs, which included the decision to close the uranium processing facility in Hanau: the resulting charges will be distributed over the full year. These negative factors were more than offset, however, by improved results from continuing operations.

DM billion	1/10/93 to 31/12/93	1/10/94 to 31/12/94	Change
Orders	21.4	22.2	+4%
German business	8.2	8.6	+ 5%
International business	13.2	13.6	+3%
	· constitution and the	and the second second	-

18.5	+7%
8.3	+ 16%
10.2	0%

'000s	30/9/94	31/12/94	Change
Employees	376	376	0%
German operations	217	215	- 1%
International operations	159	161	+ 2%
	P. Landson	- Contraction of the Contraction	Distance of the last

	1/10/93 to 31/12/93	1/10/94 to 31/12/94	Change
Capital expenditure and investments DM billion	1.0	1.1	+5%
Net income after taxes DM million	415	448	+8%
	***************************************	THE REAL PROPERTY.	March Company

unaudited accounts

NEWS: UK

Maxwell creditors may soon receive up to 17%

Creditors of the failed Maxwell Communication Corporation may soon receive a first dividend payout as high as 17 per cent, says a report from the administrators published yes-

Price Waterhouse said it was applying immediately to the courts for leave to pay about 8,000 creditors a first dividend as substantial assets were now available following a series of court rulings. Mr Alan Jamieson, for the administrators, said: "The announcement that we are

close to making this distribution marks real progress in our efforts to deal with the pension claims and to release money to be paid to creditors." Earlier this month attempts

to secure a global settlement between banks and pension funds entangled in the col-lapsed Maxwell empire failed.

Creditors have had to wait for a first dividend because pension funds related to the former business empire of Rob-ert Maxwell have sought to recoup their losses by claiming that some of MCC's assets

belong to them.

Progress to a first dividend bas been possible because administrators have been abls to block most of these "proprietary" claims the asssts by pension fund trustees and managers. Yesterday's report says that

about \$511m should be available for distribution within two months of a decision by the UK authorities that funds can be paid out. The eventual dividend is likely to be between 35 per cent and 43 per cent against claims of between \$3.2bn and \$3.5bn.

The first dividend of 17 per

estimated in the last report to creditors published in July last year which suggested 6 per cent. The final eventual divi-dend has narrowed slightly from between 33 per cent and 43 per cent. Not all the funds are being paid out because the administrators need to keep reserves in case of successful specific claims in the future. In total \$233m has been set aside for the first dividend to meet

A reserve of \$41.5m has been made in connection with claims related to dealings in shares of Beecham Group, the drugs company, in 1986-87. A further sum of \$48m is being held in reserve "in relation to a non-pension related proprietary claim alleging that MCC received the proceeds of disposal of assets belonging to a

third party The level of eventual payments to creditors will be affected by court actions which

UK NEWS DIGEST

Labour sets out need for EU reform

The opposition Labour party yesterday put the rights of nation states at the heart of a wideranging reform programme for next year's European Union intergovernmental conference to review the implementation of the Maas tricht treaty. Setting out the party's approach to the conference, Mr Robin Cook, shadow foreign secretary, ridiculed the Conservative cabinet's agreement to veto constitutional change as a desperate move to rebuild Conservative unity. He contrasted Labour's "positive" approach to the EU, with the government's determination "to torpedo the agenda of other nations because they have no agenda of their own for the future of Europe."

But in language akin to that used by Conservative Eurosceptics, Mr Cook ruled out a common EU foreign and security policy, and warned that Labour would not accept a single currency unless UK industry was able to com-

"Europe must be a community of free member states. Labour rejects the concept of a European super state," he said. "The EU must be based on a sharing of national interests and not on the surrender of national identity."

Kevin Brown, Westminster

Angry Names attack self-regulation system

The system of sear-regulation at Lloyd's of London's was largely to blame for disastrous losses and its tight financial situation, a House of Commons' inquiry into regulation of the The system of self-regulation insurance market was told yesterday. Groups representing some of the worst-hit Lloyd's Names (individuals whose assets have traditionally supported the insurance market) urged the all-party Treasury committee to back a stronger, independent system of regulation despite reforms in the past few

Mr Christopher Stockwell, chairman of the hardline Lloyd's Names Associations' Working Party, said a "false market" had been created in the 1980s when 20,000 new Names had been recruited as part of a deliberate expansion plan. He said senior members of tha market knew about problem from US ashestosis

claims as early as 1982.

The so-called insurance "spiral" - by which underwriters covered others against excessive losses from catastrophes - led to profits for some senior figures but massive losses for outside Names. The principle had been that "the closer you are to the top of the building, the higher your rate of return," Mr Stockwell said. Ralph Atkins, Insurance Correspondent

Trade partnership with Cuba announced

Moves to strengthen trade and investment links between Britain and Cuba were announced yesterday in London. An agreement signed by Mr Ian Taylor, UK minister for trade and technology, and Mr Jose Luis Rodri-guez. Cuba's minister for finance and prices, will protect existing and future British investment in Cuba.

The Department of Trade and Industry also announced the formation of a British partnership scheme for Cuba - with an initial budget of £150,000 (\$228,000) a year - to help fund small projects and offer British consultancy advice. A 38-strong British trade mission will go to Cuba on February 5. Michael Cassell

Modernisation plan for Birmingham

SPP-LET, the Swedish-owned property group, is seeking support for a £180m (\$286m) pro-gramme to modernise the Bull Ring, the 1960s shopping centre and cylindrical office building which many see as the undignified symbol of Birmingham city centre. Mr Graham Cole, the company's investment manager, said yester-day that an application for planning permis-sion would be presented to Birmingham City Council within two weeks.

This will be the fourth attempt by the company, which owns the lease to the Bull Ring, to produce a scheme which satisfies not only the planning authorities, local civic groups and market traders but also potential financial

A rapid granting of planning permission would allow SPP-LET to start construction next year. Before then the company will seek a Paul Cheeseright, Midlands Correspondent

Small manufacturers report exports boost

Manufacturing companies with np to 200 employees are recording the strongest increase m export orders for almost 10 years, a survey by the Confederation of British Industry and accountants Pannell Kerr Forster finds. This rising trend in export orders is set to continue in the next four months, the monthly

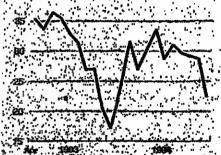
survey of small businesses forecasts. Growth in total orders and output in the last four months increased at the fastest rate since 1988, although the rate of increase is expected to slow slightly over the next four months. Richard Gourlay

Homebuyers shun housing market

Thousands of prospective first-time homebuyers appear to have stayed away from the UK housing market in the last three months of 1994, according to figures on mortgage lending by banks released yesterday. The numbers show that in the final quarter of last year, mortgages approved for first-time buyers represented under 40 per cent of loans agreed; in the last three months of 1993, they had been half the total

This sharp drop in first-time buyers comes as the housing market is already depressed. with signs of the fragile recovery last year having faded. Some of the fall is due to a loss of market share by the high street banks, but it also appears to show that many potential first-time buyers are not entering the housing

mortgages approved, uding bridging finance (000)



market. In the last three mouths of 1994, banks approved 80,300 new loans, of which just over 31,000 went to first-time buyers. The corresponding figures for the end of 1993 were 74,300 and just over 37,000. Alison Smith

BBC pop radio loses listeners

Radio I, the BBC's alling flagship pop music station, lost more than 3m listeners in 1994, according to latest radio audience research.

News of the decline in Radio 1's audience, which fell to an average of 11m weekly listeness in the final quarter of 1994 from 14.3m in the same period the previous year, comes on the eve of a £2m advertising campaign to relaunch the station. The commercial sector overtook the BBC in the third quarter of last year and kept its lead during the fourth quar-ter with an average weekly audience of 28m against 27.8m for the BBC. Alice Rawsthorn

Law school seeks private-sector funds

The Nottingham Law School, a department of Nottingham Trent University in the English Midlands, plans to become the first department of a British university to raise equity capital from the private sector. It is planning a share issue with 3i, the UK investment capital

The law school is already a limited company wholly owned by the university, which will limit the difficulties issuing shares. Its annual turnover is about £4m (\$6.36m). The school's future plans include courses on trial advocacy. It has already signed agreemants with the National Institute of Trial Advocacy in the US, and intends to expand further. John Authers

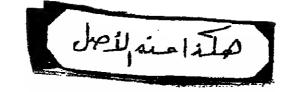
Machine tool exports rise by 11.5%

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Exports of machine tools from the UK rose 11.5 per cent to £262.2m (\$416.89m) in the first nine months of last year, helped by improved trading conditions in most EU countries.

Imports rose by only 2.1 per cent, to £247.8m, giving an overall trade surplus of £14.4m compared with a deficit of £7.6m in the first three quarters of 1993. The Machine Tool Technologies Association said the small rise in imports marked a sharp fall in machines coming from Janan, and to a lesser extent from Germany. Japan, and to a lesser extent from Germany, due partly to currency factors. Andrew Baxter

Siemens AG, Berlin and Munich



reditors may

NEWS: UK

Intimidation is alleged at factory

Car company sends warning to 'troublemakers'

By Robert Taylor,

Troublemakers are trying to wreck the performance of Pengeot Talbot's Ryton plant in the English Midlands, the French-owned vehicle group said yesterday.

A "small number of people" was "working against us," Mr J.C. Play, inanufacturing director at Ryton, said in a letter to the company's 4,000 UK employees on the eve of a strike ballot over pay. An "extremely serious situation is developing" at the plant and production was falling behind, he added.

The company had been disappointed at the lack of response among workers to offers of weekend overtime.

Moreover, employees who had been asked to work overtime had been subjected to "harassment and intimidation". He added: "We consider such behaviour to be gross misconduct and will take the appro-

priate disciplinary action."

We acknowledge that tensions are running high at the moment, but we still believe the vast majority of our employees want the plant to be a success and would not willingly or knowingly do damage to our performance. We cannot allow the actions of a few to jeopardise our reputation and future success."

He said car assembly had fallen "badly behind the programmed level of 2,000 units a week; at the same time, cars

coming off the production line are going into the off-track float at an alarming rate with the result that the float is heading towards 1,000 vehicles. "This situation not only damages our reputation with

damages our reputation with the parent company hut also involves our customers in our problems by extending the time they must wait for their cars." added Mr Play.

He said absenteeism was running at "unprecedented levels on some days, particularly in car assembly, this is unacceptable and we will have to take appropriate action against those involved."

Management concern is also growing over the outcome of the strike ballot that begins today. "We either make an agreement that represents the maximum offer we can make or face the prospect of drifting into a pointless strike in which tha only winners will be our competitors", said the company's managing director Mr R.D. Parham in a further letter is larget of a still legislation Conservative determined to of power bet and unions. In hostile politic main reason has had much long-term chais is economy. Unions were

today, is on an offer of a 3.5 per cent hasic pay increase this year with an extra £2 (\$3.17) a week for an estimated two-thirds of manual employees followed by a wage increase of 4 per cent or the inflation rate whichever is the greater. There are further shift and merit bonuses. The company says the offer will mean average rises of £693 this year for pro-

duction workers on annual

average salaries of £12,699.

The hallot, which begins

Strength ebbs away from fragmented workforce

Andrew Bolger is wary of sharing the cautious optimism among unions that their decline will slow

The sharp rise in unemploy-

ment during the 80s fell

heavily on factory workers:

always a bastion of trade

unionism. Unions have contin-

ued to suffer since then from

the shake-out of employees

that followed privatisation of

British Telecommunications.

electricity generators and

The recent strong recovery

by the UK economy and the

sharp fall in unemployment

offers some respite to belea-

guered unions. But it is not

clear whether they will be able

to buck the long-term trend of decline, which has persisted

through recent economic

cycles. The GMB general

union, one of the UK's biggest,

said its membership was rising

slightly - mainly through

recruitment of more part-time

workers - a growing propor-

tion of the workforce. How-

An estimate by the Trades Union Congress that the total membership of unions affiliated to it fell by 6 per cent last year to less than 7m might be just another stage on British unionism's long path of

However, Mr John Monks, TUC general secretary, is cautiously optimistic. He said recent signs of a move away from casualised work because of growing skill shortages in the economy could lead to a recovery in union membership.

The TUC has suffered a drop of more than 40 per cent in membership of unions affiliated to it from a post-1945 peak of 12m in 1979, the year in which the Conservatives led by Mrs Margaret Thatcher came

Unions have since been the target of a steady flow of hostile legislation from successive Conservative administrations determined to shift the balance of power between employers and unions. Yet while unions have certainly suffered from a hostile political climate, the main reason for their decline has had much more to do with long-term changes in the British economy.

Unions were most strongly

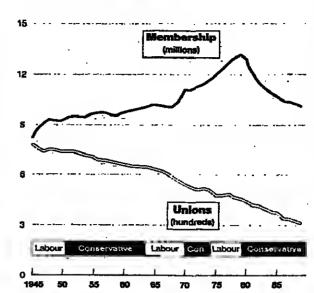
represented in the traditional industries - such as coalmineral Workers' Union, once the ing, shipbuilding and steel biggest in Britain, said: "We which have shrunk fastest are still losing jobs in the core since 1979. Managers in areas of the economy that have organised, but at a much grown - services, small busislower rate than at the depth nesses and newer industries of the recession. We could not such as computers - have few say we've reached a turning links with unions, and are point, because we still face a often hostile to them. hostile legislative environ-

ment."

The TUC said it was difficult to envisage a general upturn in membership until there was a change in government policy. But union leaders would be wise not to expect too much from an incoming Labour gov-

Labour fought the 1992 election committed to a significant reversal of Conservative legislation in this area. But Mr Tooy Blair, who became leader of the party last year, has been careful to give very few specific pledges.

A more important test for the unions is whether they will be able to recruit and organise in the growing areas of the economy – such as contract workers, part-timers and teleworkers – which lie heyond their traditional spheres of influence. This priority was demonstrated last week at the Union power nosedives



Source: Government Labour Force Survey

The figures above cover all umons, including the minority outside the Tra

launch of the Communication Workers Union, Britain's sixthlargest. It was formed by a merger of the Union of Communication Workers, representing Post Office employees, and the National Communications Union, whose members work for British Telecommunications. Leaders of the new union admitted they had been accustomed to working in a "fairly cosy" environment, where new employees of the Post Office and BT joined almost automatically. The CWU will put coosiderable

Mrs Virginia Bottnmley, bealth secretary, yesterday challenged the opposition Labour party to show that the interest of the public and not trade union dugma was dictating its policies for the state health service.

State hearth service.

She said the party's MPs who speak on health policy should renonnce sponsorship by unions. Although doctors and surgeons helong the professional associations, the health service like other parts of the public sector remains an area of union strength, with string membership among nurses, ambulance crews and ancillary staff.

"I believe it is important that the Labour party puts itself above any suspicion that its policies are dictated by the trade unions and formulated to meet their interests rather than the interests of the users of public services," said Mrs Bottomley. She was speaking on the eve of a House of Commons debute about health policy.

ment - an area which was previously neglected.

Mr Tony Young, joint general secretary of the CWU, said: "We have to reach out to non-unionists such as couriers, teleworkers and employees of cable TV companies. These are the industries of the future."

Honda to buy Rover diesel engines for Accords

Honda, the Japanese carmaker, is to buy a new range of diesel engines designed and developed by Rover Group, the UK carmaker taken over by BMW of Germany a year ago, John Griffiths writes. Rover, which was partnered by Honda until the taken over, is investing some £30m (\$48m) in the engine range, which will go on sale in March in Rover's 600 series.

Production of the engine, one of the group's most significant engineering developments for several years, is planned to reach 100,000 units a year.

lt will enable Rover to replace Peugeot diesels used in its 200/400 models and will be used to power versions of a new small four-wheel-drive leisure vehicle to be produced by the group's

Land Rover subsidiary. It will also give Rover the chance to expand sales in European markets such as France where diesels account for 60 per cent of sales in the upper-medium saloon car section in which the 600 range

Rover executives say the engine development represents a clear answer to critics who have suggested that the formerly state-owned group might no longer have the technological and engineering resources to develop sophisticated power units.

Honda is buying the diesel engines for its Accord models, which are built at its plant in western England. Rover versions of the Honds Civic, to be produced at Rover's Longhridge plant under licence, will replace Rover's current 200/400 models. Production of the new engine will help create 300 more jobs at the Land Rover engine plant at Solihull, near Birmingham.

By the end of this year the plant will have been expanded to become the sole source of diesel engines for Rover cars and Land Rover fourwheel-drive vehicles. Rover produced 320,000 engines last year.

Manager fined £20,000 for 'most serious' dishonesty

By Jim Kelly, Accountancy

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detrope, necessarie fending

Accountancy Correspondent

The operations manager in tha
London office of a German
regional bank has been fined
120,000 (\$31,000) after regulators uncovered a blatant catalogue of dishonesty which was
"one of the most serious of its

Mr Andrew Rooke, who was "unwilling to return" from a trip to Russia to face a tribunal according to the Securities and Futures Authority, was dismissed by Bayerische Landesbank Girozentrale in 1993. He had told his lawyers that BLG would pay him £im. The bank had not made the payment and "had no reason to do so", said

to the SFA.

The authority, which regulates investment markets, investigated and found that Mr Rooke had given false and mis-

leading information in his application forms to the regulator and the bank. He had claimed, without jus-

rification, to be a chartered accountant, to have seven school exam passes at A level, to have Italian professional qualifications and to have actuarial and taxation qualifications. The SFA added that he had failed to disclose that in 1987 be had been convicted of eight offences including obtaining property by deception, forgery and the use of false documents. A further eight offences had been taken into account.

An SFA tribunal decided that Mr Rooke "had concealed the recent conviction deliberately and was blatantly disbonest in misleading his employers and the SFA." He was given the exemplary fine of £20,000 plus £5,000 costs and was expelled from SFA regis-

ters. The police have been informed.
In a separate case Mr Peter

West, an SFA-registered futures and options representative with US broker Bear Stearns International, was expelled from the SFA registers and required to pay costs of £24,160.

In 1993 the Securities and

Investments Board acted against Mr West over the conduct of investment business without authorisation. The SFA also investigated and found that Bear Stearns knew nothing of Mr West's activities.

It found however that Mr West had conducted a "shadow husiness" from Bear Stearns, had arranged for potentially relevant documents to be destroyed, had obstructed the SFA investigators and had given false and misleading answers.

stered sentaBear was regiscosts s and acted e constiness. The land knew vittes, at Mr hadow earns, attally to be ad the land.

Opposition to mail help to fund next nuclear station

By Andrew Adonis, Public Policy Editor

per cent against.

A clear majority of people would like to see greater competition in mail services although they oppose privatisation of the Post Office, says a survey commissioned by the Consumers' Association. The poll of consumer attitudes shows that 56 per cent of respondents favour breaking the Post Office monopoly over the delivery of letters stamped at less than £1 (\$1.59), with 40

Mr Philip Cullum, policy research director at the Consumers' Association, said there was an "urgent need" to open postal services to greater competition in order to provide a better and cheaper service.

He claimed that daily letter deliveries, and other essential aspects of the mail industry such as rural services, could be guaranteed by a strong independent regulator. He dismissed arguments raised against competition as "fairly unsophisticated".

"It is not clear why
the market for post
should be expected to he
incapable of coping with
universal service when
competition is permitted." Mr
Cultum added.

He cited the recent record of British Telecommunications, a former state utility that was once part of the Post Office. Although BT faced strong competition, Mr Cullum said, it was still obliged to provide a nationwide service at regulated tariffs.

Britain's next nuclear power station may be financed partly as a joint venture between two or more electricity generating companies. Nuclear Electric, the state-owned generator, wants private-sector partners to share the equity stake in a international Combustion, the Derhy-hased nnit of Rolls-Royce Industrial Power, bas won two orders for a total of five boilers at UK combined-cycle power station developments, Andrew Baxter writes. RR would not put a value on the orders, but it is understood

Efforts are being made to interest electricity generators from several countries in the venture.

Sizewell B on the east coast findend Britain's first present

new project.

of England, Britain's first pressurised-water reactor nuclear power station, is due to start operating today after completing its seven-year construction within its £2.03bn (\$3.16bn) budget.

However, the future for

However, the future for nuclear power in the UK is uncertain. The government review, which was due to be completed in November last year, and is now not likely to appear before March, will decide whether the nuclear industry should remain in public ownership.

If the review opens the way for further expansion, Nuclear Electric – which runs the nuclear power stations of England and Wales – will build either a Sizewall C, a twin-reactor pressurised-water reactor costing an estimated £3.5bn, or a single-reactor PWR next to an existing station at Hinkley Point on the west coast of England. That station would cost about £2bn.

The choice between the two will depend largely on the response to a financing package being drawn up by Nuclear

Derhy-hased nnit of Rolls-Royce Industrial Power. bas won two orders for a total of five boilers at UK combinedcycle power station developments, Andrew Baxter writes. RR would not put a value on the orders, but it is understood they are a worth about £50m (\$79.5m) in total. They are for heat-recovery steam generators, which use waste beat from a gas turbine to create steam for a second turbine. Four of the HRSGs are fur National Power's Didcot B station in sonthern England, and the fifth is for a power station at Kings Lynn to be operated by Anglian Power Generators.

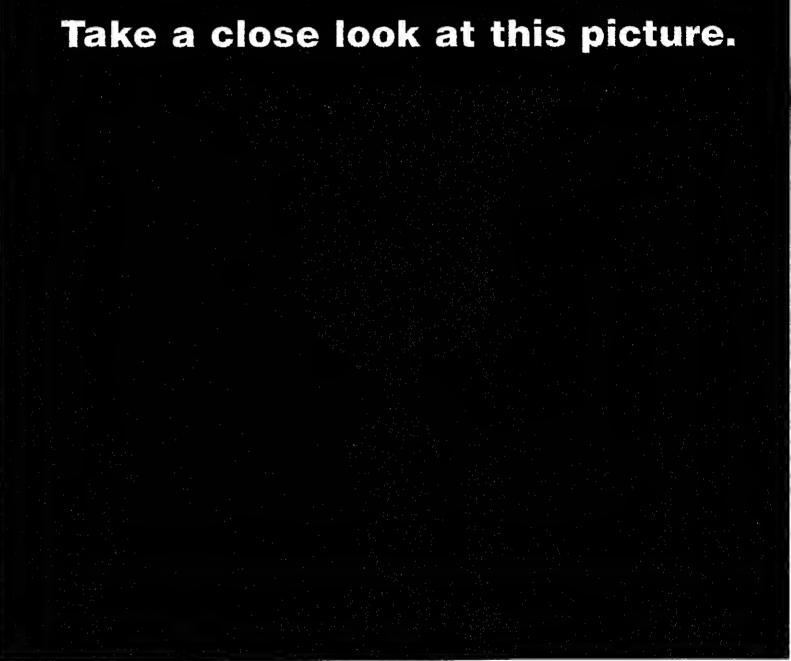
Electric with N.M. Rothschild, the merchant bank. The government has already indicated that taxpayers' money will not be available for further nuclear power stations.

Mr Brian George, engineer-

ing director at Nuclear Electric, said yesterday that an equity share in a new nuclear plant could prove a good long-term strategic investment for other utilities. The investment might give s

modest return, based on today's market prices, but it would protect partner utilities against a "green shock" - the possible introduction of a carbon tax or other financial measures to curh air pollution from fossil fuels.

If the government review rules against nuclear power expansion, Nuclear Electric will consider investing in gasfired generating plant.



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market to cheap imports.

The same, one might think, should apply to all their suppliers. Not so. Satake, a family-controlled engineering business, based in the lush rice-growing hills around Hiro-shima, is thriving as the world's largest maker of rice milling machines, with 90 per cent of the Japanese market and a slightly

smaller share of the world business. Undeterred by the yen's sharp rise, identified by the Organisation of Economic Co-operation and Development as the biggest threat to corporate Japan's recovery. Satake has held its market share steady for many years. It will ise pre-tax profits this year to Y4bn (£25.6m), from Y3bn in the 12 months to last March, on sales up from Y51bn to Y59bn, of which 15 per cent is oversees.

The textbook methods it has used show why many of Japan's fleetfooted, smaller companies are adjusting to the yen's rise and afterbureaucratic multinational breth-

The secret of Satake's survival is its dogged pursuit of the simple strategy, dating back to the group's foundation in 1896, of keeping the barriers to entry in its business high. Satake does this by taking out 200 patents per year on its designs. Surprisingly, it is not all that costly, with research and development running at just 3 to 4 per cent of annual turnover. "It is the main reason why it is hard for others to come into our business," says Robert Satake, 70, company president.

Discretion is another way to fend off the competition, mostly from two smaller Japanese rice milling producers and Kubota, the Osakabased farm machinery maker. To minimise the information Satake has to publicise, it is very unlikely the company will ever go for a stock

market flotation, says the president. Satake's penchant for staying private has a cost. The company is more dependent on bank loans than listed companies, with their access to cheap equity capital. However, Satake's near century-long profits-history gives it access to debt on fine terms, especially now when Japan's commercial banks, burdened by dud property loans, are falling over themselves to lend to good industrial risks.

It might also belp that Robert Satake - who came into the dynasty through marriage - originates from a distinguished commercial banking and ministry of finance family. Many companies have found that a representative of Japan's powerful banking industry on the board does them no harm.

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A textbook survival strategy

Despite a sharply rising yen, a Japanese engineering group is increasing its profits. William Dawkins reports

Also helped by years of patient trimming at engineering costs, Rob-ert Satake claims Satake can still make a profit at Y80 to the dollar. He believes the Japanese currency will indeed hit that mark, a long way up from the current level, around Y100, at which many larger engineering companies are already struggling to make a profit.

The other part of Satake's survival strategy has been to stick close to its original customers, even though it knows that Japan's rice market, which represents 90 per cent of turnover, is shrinking due to changing diets, an ageing popula-tion and the inevitable rise in cheap imports. "Selling rice milling machinery in Japan does not have a very big future," admits Robert Satake.

Accordingly, the company has sought to enlarge this mature market by offering new products both upstream and downstream of rice milling. These now represent 10 per cent of turnover, likely to double in the next five years.
Upstream, new products include a

barvest testing meter, released three years ago, which measures plant temperature to tell farmers precisely when to harvest to obtain the highest quality rice. It is designed to match the shrinking market's demands for lower yields flour milling machinery, its first at higher quality. In response to the worst Jananese rice harvest in living memory two years ago, Satake has developed a soil monitor, to be launched in April. It measures plant nitrogen to

advise farmers how much fertiliser

to ase.

Not all new products, however have lived up to Robert Satake's hopes. An example is a rice taste analyser, which logs criteria such as carbohydrate, protein and oil content to give a quality score. The government's food agency has used the rice taster but has been officially non-committal, no doubt influenced by its boards of human rice tasters. They class consignments of rice into quality grades, on government controlled price scale. They are understandably loath to

Downstream, Satake has ventured into food processing and packaging, as an experiment in the region around Hiroshima. While profitable, its instant meals are unlikely to become as large as its engineering diversifications.

sacrifice their skills to a microchip.

Satake has made mistakes, It made what Robert Satake admits was a hastily judged diversification three years ago, the £4m purchase of a still unprofitable UK maker of foreign acquisition. Satake bought the company, now called Satake Robinson, mainly in response to an acquisition by Buhler, a Swiss flour milling machiner maker, of a rice milling producer. But Satake remains fully committed to its investment. Overcoming its initial reluctance to intervene in Robinson's management, the Japanese parent is now advising it on how to reduce engineering costs. Satake is taking a more cautious

tack in embarking on its latest foreign endeavour. It has formed a ioint venture with a leading Japanese trading house to produce and mill rice in China, to exacting Japanese standards, for both the local and export markets. To support this venture - and incidentally reinforce the team which will succeed him when he retires - the president has head-hunted two senior executives from leading trading companies to join Satake.

He is right to be cautious, Robert Satake is staking his company's future prosperity on China. He expects it to be the main factor in a rise in overseas sales to more than half Satake's total turnover within a decade. The plight of Japan's rice farmers will then be an even smaller concern for his successors.

TECHNOLOGY

Christopher Brown-Humes reports on growing concern over the safety of mercury amalgams

A treatment filled with controversy

hen Gerd Nordlund, a Swedish teacher, suffered acute pains in her legs and left arm four years ago, the last thing she blamed initially was her mercury amalgam fillings. But after several treatments falled, she underwent tests which revealed higher than normal levels of mercury in her body. She decided to have all her amalgams removed. Now, she says, she is

Such experiences have helped to stir a debate about whether mercury amalgams are safe. In the UK, interest in the topic intensified last year after a controversial TV programme highlighted alleged links between amalgam and illnesses ranging from minor allergies to Alzheimer's disease. The controversy has unsettled the dental establishment although it remains convinced that amalgam

is safe. An amaigam is a combination of mercury, silver and other metals which forms a soft paste-like mixture that can easily be worked into a dental cavity. It has been the standard dental material in western countries for the past

century.
Worries about its safety have increased in the past few years. since it has become clear that mercury does not simply he inert in the tooth: it leaks out of fillings in the form of vapour,

Both sides in the argument agree that mercury is a poison, that it escapes from teeth through contac with hot substances and the act of chewing, and that it lodges in tissues and various organs of the body. Where they differ is over the quantities that are released and whether small amounts of mercury in the body cause barm.

"The evidence is just not there that it's doing people harm," says Diana Scarrott, head of scientific services at the British Dental Association

She says that people acquire greater quantities of mercury from the environment and by eating fish than through leakage from their

Ulf Lindh, a director of the Centre for Metal Biology at

Uppsala University, north of Stockholm, disputes this view. He believes mercury interferes with the efficiency of the body's immune and central nervous systems, increasing its vulnerability to illness and

Acute fatigue, headaches, concentration difficulties and muscle ache are among the common symptoms which have been linked to mercury fillings. although some research has also linked mercury with multiple scierosis, Alzheimer's disease and sight impairment.

Lindh estimates that around 6 per cent of the population is sensitive to chronic low-dose mercury exposure in contrast to the dental establishment which says there are only health risks for a tiny fraction of people who are allergic to mercury.

It has become clear that mercury does not lie inert in the tooth: it leaks out of fillings

Indeed, national dental associations worldwide are anxious to continue with amalgam on the grounds that there is no conclusive published evidence which justifies phasing the substance out. Even in Sweden, which proposes to ben amalgam fillings in children under 19 from this July and which will ban all amalgam fillings from 1997, the stress is on environmental protection rather than health. Amalgam opponents argue that it is ridiculous to continue to put a substance that is deemed "unsale" for the environment into people's

"If it's dangerous for the environment, it's dangerous forhumans," says Lindh. He says that tests on sheep and monkeys have conclusively-shown the health risks of mercury fillings, and argues it is best to err on the side of caution, by beaming amalgams, while further tests on humans are

The counter argument is that there are millions of people with amalgam-filled teeth who have lived to an old age without any visible negative side-effects. The British Dental Association also claims there is no above-average incidence of disease or premature death among dentists or dental staff, who are handling, albeit with extreme care, mercury all the

The advantage of amalgam is that it is cheap, easy to work with, and durable. There are alternative materials such as white composites, gold, porcelain and titamum, but they are either more expensive or more time consuming

to install. White composites, for example, a plastics-based material, can take three times as long as amalgam to install because it has to be hardened carefully. And it is less durable than amalgam.

Amalgam use is falling, partly because people are asking for amalgams to be removed, both for aesthetic and health reasons. In Sweden as many as 8 per cent of the adult population are already believed to have had their amalgams taken out and replaced. Some European countries are recommending that amalgam fillings are not used on patients with kidney problems and

pregnant women. Amalgam use is also dropping because increased fluoride use and better dental care has meant that children today require far fewer fillings than 20 years ago.

However, the key to a complete reappraisal of the substance looks likely to be the discovery of a material which is just as cheap and durable as amalgam. Efforts to develop such a substance have intensified since the safety of

amalgam began to be questioned. A US group, for example, is working on a tin/silver mixture, while a Swedish group has made progress with a material which is bio-compatible with the calcium phosphate in normal teeth. Scarrott believes UK dentists would take to a material that

works as well as amalgam "like a shot". After all, she says, "mercury is a nasty, poisonous substance".

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84 Grosvenor Street Leadon Will Store Tel: 0171 493 2550 Per: 0171 629 9444 "The Middle Mariet Transaction Experis" Employment Agency wishes to Purchase suitable employment agency/ business or labour supplier, Communications in strict confidence to: Mr G Smith, Scot Contracts Co. Ltd., il Summer Street, Aberdeen, Scotland

STRUCTIONAL PUBLISHING COMPANY I academic and aclentific journals by acquisition. Datails please including specimen copy and avenue in complete confidence to Box B3531, Francial Times, One Southwark Bridge, London SE1 9-K.

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CONTRACTS & TENDERS

ACQUISITION. SOUGHT WINDOW INDUSTRY

We are a leading manufacturer involved in the UK PVC-u window industry. As a result of our growth we

are seeking to acquire regionally based window Potential business of interest could include retail and trade

Please reply in confidence to: Box B3817, Pirancial Times, One Southweek Bridge, London SEL Wil

PROPERTY COMPANY Our client seeks to purchase existing property company.

preferably listed on the UK

Stock Exchange. Substantial funds are available. Principala please reply to: Harlems Fantin
Palladium Rouse
14 Argyll Street
London WIV JLD Ref. EPT. MINISTRY OF SURFACE TRANSPORT (Govt. of India) HIGH SPEED TRAMS IN INDIA

The Government of India, Ministry of Surface Transport had invited proposals for High Speed Trams (HST) from Indiany foreign agencies on Build, Operate and Transfer basis for 9 contidors in Dethi. This advertisement appeared in various national and international newspapers during the month of

Oct. 1994.

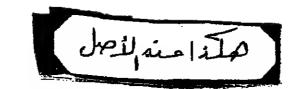
Since a number of parties have requested for extension of time for submission of proposals, accordingly the date of submission of the same has been extended from 30.1,1995 to 28.2.1995 (5.00 PM) and the bids will be opened on 1.3.1995 at 10.00 AM. The tender forms can be obtained upto 31.1.1995 instead of 12.1.1995 and the Pre-Tendering meeting will be held on 6.2.1995 at 1100 Hrs (IST) instead of 18.1.1995 in the office of Joint Secretary (Transport) MINISTRY OF SURIFACE TRANSPORT, Transport Bhavan, 1, Parliament Street, New Delhi- 110.001. Alt other terms and conditions will remain as per the original notice. emain as per the original notice.

Indian Road Construction Corporation Limited Core 6, Floor 6, SCOPE Complex, -Lodi Road, New Delhi-110 003 (INDIA)

Tel. 4360437, 4360441 The 031-61691 TRCC IN

100+ QUALITY CONTROLLED Informal investment opportunities appear every month in The Capital Exchange Gazette. For free sample capy call 0432-342484.

ESTABLISHED YACHT BROKER (20 years) seeks additional boat stock firence; fully secured. Cell Cerl 0784 47757?



Torres of the state of the stat nent filled

Martin Live

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HESSES WANTED

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BUSINESSES FOR SALE

STATE PROPERTY AGENCY

INVITATION TO TENDER

The State Property Agency is selling the state owned shares of the Northern Trans-Danubian Brick Industrial Co., formed from the Northern Trans-Danubian Brick and Tile Enterprise in a one-round open tender.

We beg to inform those who are interested that the registered capital of the Northern Trans-Danubian Brick Industrial Co. is 840.700.000 HUF, 100% of which will be sold. The tender is for the share packet of the value of 756.630.000 HUF, that represents 90%.

The Announcer guarantees the preferential purchase of the shares with the nominal value of 84.070.000 HUF for the employees.

Offers for up to 40% of the sales price of the share packet should be made only in cash. Offers for further 20% of the sales price should be made in compensation vouchers, (it is not obligatory for foreign investors), the rest of the sales price, but not more than 40% may be appropriated for the payment of state debt, so - in case of cash payment - E-credit may be obtained

The tenders should be submitted to the given address in 5 copies, in a closed envelope, without naming the sender, and indicating the original

The tenderer must undertake to maintain its offer for 90 days.

The deadline for submitting the tender: by 12-14.00 hours on the 5th April,

The address where the tenders should be submitted:

State Property Agency

1133 Budapest,

Pozsonyi-út 56. 8th floor, Room No: 804.

The tenders should be submitted on the spot in person, or by an authorised representative.

The State Property Agency reserves its right to declare the tender void.

Term of submitting the tender is the purchase of the detailed material of the invitation to tender containing also the detailed description of the announcement for 15.000 HUF + VAT in exchange of a statement on secrecy at the following address: SPA Information Office, 1133 Budapest, Pozsonyi-út 56. ground floor.

For further information please contact Dr. Miklós Németh, senior counsellor, SPA Industry Privatisation Management I. Tel.: (+36-1) 269-8600/1285.

Stephen Mark Quinn PCA and Alan John Sutton PCA Joint Receivers

offer for sale as a going concern the business and assets of

CLUMBER ROAD GARAGE

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Preehold site, 0.7 acres
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Further details available from Stephen Quinn or Matthew Beckley at Baker TBIy, Brazennose House, Lincoln Square, Manchester M2 58L, Tel: 0161 834 5777. Fax: 0161 835 3242.

BAKER TILLY

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sed to easy on audit work and authorised to carry on investment business by the hastilute of Chartered Accountmits in England and Wales.

Gross turnover approximately 20.5m.

HUNGARY • PRIVATISATION GOES ON

REPUBLIC OF POLAND MINISTER OF PRIVATIZATION

Invites Tender Offers

Concerning Purchase of Shares in Share Capital of the Kalisz Concentrated Food Works "WINIARY" Joint-Stock Company

The Minister of Privatization, acting on behalf of the State Treasury of the Republic of Poland, in accordance with Art. 23 of the Law on Privatization of State - Owned Enterprises of July 13, 1990 (Dz.U. ar 51/90 item 298 with further amendments) invites tender offers of potential investors interested in purchasing shares constituting at least 10% of share capital of 'WINIARY" Joint Stock

According to Art. 24 point 1 of the Law on Privatization of State - Owned Enterprises a stake of op to 20% of shares in share capital of "WINIARY" S.A. will be offered to the Company eroployees. According to Art. 24 point 7 of the Law of Privatization of State - Owned Enterprises a stake of up to 20% of shares in share capital of "WINIARY" S.A. will be offered to agricultural producers linked with the Company by long-term contracts or cooperation agreements.

According to the Resolution of the Council of Ministers, no. 86 of October 4, 1993, a stake of 5% of shares in share capital will be retained by the State Treasury as the State Treasury Property for reprivatization purposes.

The Kalisz Concentrated Food Works "WINIARY" Joint Stock Company with the seat in Kalisz, Poland is the leading Polish manufacturer of concentrated food, particularly powder soups, fruit jellies and desserts, seasonings, powder ereams, mayonnaise and salad dressings, baby and infant food,

Any requests and response of potential investors being interested in proceeding with this offer should be directed till February 10, 1995, 4:00 pm to the Polish Institute of Management, Ltd. (PIM) acting on behalf of the Minister of Privatization in this project.

> Address: Polish Institute of Management, Ltd. (PIM) 02-691 Warsaw, St. Obrzezna 7

phone (48 22) 47 51 73; (48 22) 47 55 61 ext. 434-436; fax (48 22) 47 50 53 e mail: pimpl@maloka.waw.pl

Transaction manager: Ms Jagoda 5zonert.

Information on the Company profile will be distributed to potential investors after signing up the appropriate "Letter of Confidentiality".

The Minister of Privatization reserves the right to extend the period allocated to offer submission, reject submitted offers or oot to undertake negotiations without explanation.

BRITISH SUPERCAR PROJECT

- For sale the acclaimed GTD R42
 - moulds
- ▲ Prototype car
- +44 1703 233504

▲ Key personoel Fax Faushawe Lofts, UK for details

project, to include A Chassis jig and body

- per annum on three extrusion machines
- · Product lines used in the motor trade
- and civil engineering industries
- ordet book
- . The opportunity to exploit new product
- September 1994 £.9m

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FIRST-CLASS HOTEL Easy access to Trade Fair, Shopping Centre, Motorway and Airport.

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Por further details please apply to Box B3334, Financi One Southwark Bridge, London SEI 91IL

TEXTILE CO.

BUSINESS FOR SALE

- ★ Distribution company
- ★ Long est/BS 5750

Price £400,000

Write to: Box B3827, Financial Times, One Southwark Bridge, London SE1 9FIL

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IN I ERNATIONAL COMPETITIVE BID FOR TENDERS (* 0295)
The Central Committee for Procurement, acting on behelf of the Ceará State Secretariat for Urban Development and the Environment, invites companies domiciled in Brazil or in any other member country of the Inter-American Development Bank (IDB) to participate in the international Competitive Bid for Tenders N° 0295, whose purpose is to contract public works and services under the Basic Infrastructure Program for Public Health in the city of Fortaleza, Ceará, Brazil.

The project to be tendered for is:

PROJECT TERM

Funding for the execution of the public works project described in this notice will be provided by the Besic infrastructure Program for this notice will be provided by the basic immediate frog and of Public Health In the city of Fortaleza, with partial finencing negotiated by the Cear's State Government with the Inter-American Development Bank (IDB). Contracts are to be in full accordance with the financing agreements N°s. 895/0C-BR and 892/5F-BR signed with the IDB on Dec. 9, 1992. Prequalification documents and price proposals are to be delivered on May 4, 1995, at 4:00 p.m., at Rus Silva Paulet N° 324, Aldeota, Fortaleta, Ceará, Brazil, in two sealed envelopes containing (Envelope A) Prequalification Documents and (Envelope B) Price 2012.

Fortaleza, Jan. 31, 1995 THE COMMITTEE

Glass Processing Company for sale located North West England. Only Principals need apply. Write to Box R3821, Financial Times, On: Southwest Bidge, London SEI SFL

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Agency of the REPUBLIC OF MACEDONIA

for Transformation of Enterprises with Social Capital



Announcee the public sele of tobacco anterprisas

The rules of sale will be provided to prospective strategic investors upon request and oldere for the companies must be

lved by the Agency by Merch 15, 1995. interested investors pieces conlect the financial advisors of the Agency:



BARENTS

2001 M Street, N.W., Washington, O.C. 20038, U.S.A. Telephone: (202) 331-4566, FAX: (202) 728-0546



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£1.2m T/O profitable Write to Box B3828, Financial Times, with growth potential in Eastern England. Serious enquiries to Fax: 01953 885091

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SPECIALIST

OLD ESTABLISHED

Fine Organic Chemicals
Established Highly Respected
Distributor. To Research Establishmo

London S&I 9HL SMALL PACKAGING COMPANY FOR SALE Expanded polystyrene monicing company. Primarily involved in lood industry

kaging, 1/O £1.5m. Location Devo Quick decision required. Principals only write to Box B3823, Financial Times, One Southwark Bridge, London SE1 9HL

EAST MEDIANUS Long established high quality fudies teation. Briddl retail business for sale due to impanding retirement. 170 2500,000. Good Precision close to City centre. Property evaluable for lesse or sale if required. Write to Box B3922, Financial Times. One Seathwest Higher Long SE1. Times, One Southwark Bridge, London SE1

AGENCY FOR SALE Tameit beby chair harness agency for UK for sele. Would also consider oversees as well. Contact Victor Green on 0181 446 8211

Press Mouldings Limited and Satellite Extrusions Limited

The Joint Administrative Receivers Petet Copp and Geoffrey Kinian offet for sale the business and assets of the above companies involved in the moulding and manulacture of plastics.

- Freehold and leasehold premises in Soham, Cambs
- Manufacturing capacity of 5,000 tonnes
- Established customer base and
- Skilled workforce
- 1993 tumover £1 4m. 9 months to

For further information please contact Petet Copp or Geoffrey Kinian, (ref: 7/PRC/CI) Tel: 0171-486 5888 Fax: 0171-935 3944.

IBDO

BDO Stoy Hayward



BUSINESS OPPORTUNITY

The Joint Administrative Receivers, R M Withinsh and G F Hilton offer for sale, as a going concern, the business and assets of commercial and colour printers, Richmond Press Limited.

- Current order book.
 - Turnover £750,000 per annum. Plant & equipment.
 - Skilled workforce.
 - For further information please contact Michael Hall at:- Kidsons Impey, Devonshire House, 36, George Street, Manchester, MI 4HA.



FOR SALE OR LEASE

Futly equipped well maintained, 60, 000 sq ft factory on 6 acre freehold site in North East complete with

- press capacity to 600T inting stoving fines turret presses resistance welding, etc., etc.,
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able. If required Write to Box B3829, Financial Times, One Southwerk Bridge, London SE1 9HL

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Specialist, well respected and equipped commercial vehicle body building and refurbishment business for sale as part of a Group ation programme. Current turnover c£2m. No Bank borrational rowings.

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Latham Crosslev

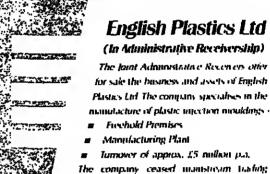
MJ C Oldham & P S Duan Joint Administrators

Davis ro: Mottik International Ltd.



- Dasigners and manufacturers of well known and creative range of plastic bricks and connectors.
- Best Toy Award Gold 1994.
- Good Toy Guide Gold 1993. ■ Best Toy Award/Best Construction Toy 1993.
- Patents, patent applications and trade mark regiatrations in major markat areas. Export and home market sales.
- Business and assets for sale including goodwill, patents order book etc.

For further information contact Michael Oldham or Emma Rye Latham Crossley & Davis 7 Kenrick Place, London W1H 3FF Tel: 0171 935 5566 Fax: 0171 935 3512



English Plastics Ltd

(In Administrațive Receivership) The lount Administrator Receners effer

- for sale the business and assets of English Plastics Ltd. The company specialises in the namulacture of plastic injection mouldings -
- Freehold Premises ■ Manufacturing Plant Tumover of approx. 25 million p.a.

operations on 23rd January 1994. for turther information contact Mr Graham Ord of Ernst & Young, P.O. Box No. 1. 3 Colmore Row, Birmingham 8.1.208.

Telephone: (0121) 626 6262 Facsmule: (012116.20 6305.

IJ Ernst&Young



For Sale: **Industrial Property** and Equipment

AT OLD SARUM AIRFIELD, NEAR SALISBURY, WILTS

Formerly the Aerostructures Division of FLS Aerospace (Lovaux) Limited. The freehold of the property comprising some 37,000 sq ft of hangar and office accommodation, together with all plant and machinery is offered for sale as a complete package. The facility is capable of operating in its original role of general engineering and manufacturing.

All enquiries to:

Mr W.A.T. Burgess Managing Director FLS Aerospace (Light Aircraft) Limited Bournemouth International Airport Christchurch, Dorset, BH23 6NW, England

Businesses For Sale

AN ESTABLISHED MIDLANDS BASED GROUP OF COMPANIES ARE SEEKING TO DISPOSE OF THE FOLLOWING ASSETS WILICH ARE

A CENTRALLY LOCATED HOTEL DEVELOPMENT

ecking to acquire a successful hotel with an established management team. On site, fully let, industrial estate investment properties are also available with this purchase.

FOR FURTHER INFORMATION PLEASE APPLY IN WRITING TU:

Box No. 3832, Financial Times, One Southwark Bridge, London SE1 4111_

Electronic Manufacture/Assembly dement existing electronic security system (statallation and maintenan-numberure and sheet metal fabrication activities we wish to acquire busines

Turnover £750K to £5nt per annum Continuity of existing management and worklorce Sound experience of products which exapley microp

der LEI 4ST (Tel: 0533 654213)

PORT OPERATOR FOR SALE edoring, warehousing, processing, road bautage a from a number of sites in the U.S. Gross revenues over £6m. Good profits. Solid asset backing and experienced managemen

AIRCRAFT FOKKER F.28 MARCHE I-TIAP

February 1995 at 7.00 pm at the address of the notary: Pietro Mazza - Via Dalmazia, 29 - 00198 ROME - Italy, Tel: +39-6-8411956.

Further information may be requested from the lawyers/liquidators; Arv. Carle Pietrolucci tel: +39-6-3242838 Avv. Attilio Pacifico tel: +39-6-37517170

and Hales to carry on investment business.

Tel: 01202 500200 Fax: 01202 593271

SURPLUS TO REQUIREMENT DUE TO RATIONALISATION...

New build construction with above average occupancy and yield with further scope for on size expansion. This development also offers substantial food & beverage revenues. This opportunity will suit established littliers or organisations from outside the industry INDUSTRIAL ESTATE WITH HEADQUARTER PREMISES WITH OFFICE, WAREHOUSE & SURFACED YARD/EXPANSION LAND

concerned in electronic manufacture/assembly and design. Broad criteria:

Please contact: Cirief Executive Abel Group Limited Detection House

For further information write to: nes Curlisle, Close Brothers Limited, 12 Appold Street, London FC2A 2AA.

AIRCRAFT FOR SALE

and SPARE PARTS for above aircraft Starting price: Lit. 500,000,000. Offers, in scaled envelopes, must contain a bid bond guaranteed by a banker's draft made out to the liquidators for the amount of 20% of the starting price, and must be received not later than 14

CONTRACTS & TENDER

The full statement of the terms governing the call for tanders, for which there will be a charge of R\$ 50 (fifty reals), is available from the which there will be a charge of R\$ 50 (fifty reals), is available from the which there will be a charge of R\$ 50 (fifty reals), is available from the Environment, located at Secretariat for Urban Development and the Environment, located at the Governor Virgilio Távora Administrative Center, Cambebe, Fortable 1822, Center, Brazil, in the period from Jan. 31, 1995 to May 3, 1995.

★ T/O £1.2m/Good G.P.

CONTRACTS & TENDERS GOVERNMENT OF THE STATE OF CEARA SECRETARIAT FOR URBAN DEVELOPMENT AND

PROJECT Deactivation of Jangurussu Landfill 270 days

THE ENVIRONMENT (SDU)

CENTRAL COMMITTEE FOR PROCUREMENT

CALL FOR TENDERS

INTERNATIONAL COMPETITIVE BID FOR TENDERS Nº 02/95

CONTRACTS & TENDERS

TENDER FOR FINANCE OFFICE PAYMENTS SERVICES

The Employment Service would like to receive expressions of interest from any organisation which might wish to be invited to tender for providing finance office payment services to the Employment Service.

As part of its market testing programme, the Employment Service is seeking to award a contract for a range of types of claim for payment which need to be processed within specified timescales and levels of accuracy. Claims and/or invoices will be received by the contractor either from the ES or direct from Payees for logging, checking and clearing so that cleared claims reach ES for payment through the Financial Accounting Systems (FACS).

FACS uses Dun and Bradstrees Millenoium software: Accounts Payable (AP), Purchase Order (PO) and General Ledger (GL), tailored to meet the needs of ES. It runs on an ICL mainlrame situated in Runcom. The service provided by a contractor must be compatible with FACS in order to support the matching of invoices or other claims for payment against purchase orders/goods received notes or other forms of authorisation. The contractor must provide all necessary information to enable payments to be made to ES. Tenderers will be invited to propose the most effective way of meeting this requirement in response to the invitation to Tender. A demonstration of the FACS systems will be provided for prospective suppliers and will take place in Sheffield on 17 February 1995. Tenderers who wish to attend the demonstration should contact the person named below for forther details.

The service is currently provided by ES Finance Offices at three sites: Birmingham, Cardiff and Edinburgh, In 1993/94 some 650,000 claims for payment were transacted in 8 main categories. The sites cover the whole of England, Scotland and Wales and serve the ES network of 9 Regions and a network of over 1200 Jobcentres and other offices. Purchasing units in each Region form an integral part of FACS operations through Purchase Order. Tenderers may propose to use premises and equipment at any or all of the three existing sites (Birmingham. Cardiff and Edinburgh), but will not be required to do so.

As well as cost, key factors in the decision to award the contract would be the economically most advantageous tender to the ES, taking into account technical capability, response to requirements and proposals for delivering the service, and quality systems. The ES wishes to enter into a 3 year agreement (with a possibility of a further extension of 2 years), which will

be reviewed annually, and which is planned to commence to April 1996. Organisations expressing interest should supply the following information:

Please provide the following information, ensuring that it is presented in accordance with the sequence and

- The name of your company and the date the company was formed or incorporated:
- Are any directors, partners, company secretaries or any other person with a financial or management interest related to an employee of the Employment Department Group? If so, provide details;
- Initial proposals about location(s). from which you would deliver the service.
- Details of your organisation's practical experience over the last 3 years in providing similar types of services of similar size and relevant reference sites (both private and/or public sector), with particular reference to handling claims for payment and network size/volume of transactions.
- Number of Management and Supervisory staff in the service area, their length of service (months), and your policy on the level of experience and skills needed by such staf in the service area:
- A copy of your organisation's Health & Safety policy: - Details of your organisation's Equal Opportunities policy - if you have a written statement, please enclose
- Details of your organisation's staff training and development strategy;
- Details of the Quality Standard your company works to:
- Written authority on your headed notepaper for the Employment Service to seek references.
- ~ The following financial information (all figures quoted in £ sterling):
- a copy of the tendering organisation's last two financial years approved financial statements, or balance sheets if not required to keep audited accounts by the law of the country in which they are established, or other documentation as appropriate if the publication of balance sheets is not required by the law of the country in which they are established;
- where the tendering organisation is part of a group;
- "details of the group structure;
- "financial statements for the ultimate holding company in line with details identified above:
- a statement signed by a director or partner that no legal proceedings are to progress that might affect the performance of contract obligations and that the prospective tenderer's organisation has not been prosecuted under EC or the organisation's national law in the fast three years:
- where the organisation is new, and has no past trading record or insufficient financial statements to given the last two financial years, then, management accounts (to date), and a minimum of a three year business plan is required.

This information will form the basis for the selection of a shortlest of companies uncled to tender Please Annal include publicity and marketing material.

Service providers must submit a single tender for the Finance Office Payments Service.

A draft copy of the Statement of Service Requirement (Specification) may be issued to shortlisted suppliers for information and comment before issue of the Invitation to Tender. Shortlisted suppliers may also be required to undertake presentations.

Applications in writing only should be sent to the address below to be received no later than noon 27 February 1995; quoting reference 026. Correspondence which does not meet these deadlines will not

Bill Williams Market Testing Unit, Employment Service. Level 2, Mayfield Court, Sheffield St 4ER.



BUSINESSES FOR SALE

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FAX: 0753 880342

Turnover exceeds £2,000,000 p.s. Excellent manage tial Service Contractual be Owner considering retires

PRINCIPALS ONLY Write to: Box B3816, Funancial Times One Southwark Bridge, London SEI 915

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Multidisciplinary Chartered Land Surveying/GIS (Geographic ion System) Group. seeks growth by acquisition by ic service sector company. Established 22 years, cash turnover £1.1m profitable Write to: Box B3599, Financial Times. One Southwark Bridge, London SE1 9HI

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nth West England, T/O £500K -High added value, own product lines, strong order book. Write to: Box B3833, Financial Times, One Southwark Bridge, London SEI 9HL

WEST MIDLANDS FINANCE COMPANY FOR SALE Over 1M gross book, successfully t by sameowner for 25 years.

*Principals andy.*Write to Box B3818, Financial Time London SET 9HL

LUXURY HOLIDAY COMPLEX FOR SALE

MAJOR BUSINESS OPPORTUNITY FOR HOSPITAL STERULISATION AND DISINFECTION SERVICES

Deadline: Thursday 9 February

A number of NHS hospitals in Greater Manchester who provide a full range of hospital and community medical services to a large proportion of the population in Greater Manchester are proposing to put their requirements for the above services out to tender. These hospitals have a complement of over 5,000 beds and treat approximately 300,000 patients per year.

The objective of the hospitals is to identify a private sector partner to facilitate the provision of their sterilisation and disinfection services to the highest standards in the most cost effective manner. Some hospitals will require a service as from April 1996 with other hospital requirements being phased in thereafter. It is anticipated that the private sector will determine the amount of funding required as well as providing the innovation, technology and expertise to deliver the hospitals' requirements. This is the first time such an opportunity of this nature has been available in the United Kingdom.

It is essential that interested parties attend the presentation and briefing programme at which potential bidders can gain a better understanding of the opportunity together with further details and an opportunity to ask questions. The date prospective tenderers must be available is: 14 FEBRUARY 1995.

Before you can be selected to receive an invitation to the presentation and briefing programme on the 14 February you must provide for pre-qualification a copy of your most recent audited accounts together with background information about your organisation no later than mid-day Thursday 9 February. As a minimum this information must include details of ownership and affiliations to other organisations, size of organisation, nature of business and key areas of activity.

The contact point for further information and for sending the minimum required information is either John Gregson or Michelle Bradley of Touche Ross Management Consultants, Abbey House, (PO Box 500), 74 Mosley Street, Manchester M60 2AT. Tel: 0161 228 3456 or Fax: 0161 237 5382.

INTERNATIONAL PEOPLE

Swissair's finance officer

■ Georges P. Schorderet, 41, joins Swissair as chief financial officer designate at the end of March, Schorderet, who has worked for Alusuisse-Lonza Holding for 26 years, will succeed Peter Nydegger, 62, as the airline's executive vice-president finance and development on January 1 1996. He joins Swissair in September.

Sergio Marchionne, 42, succeeds Schoroeret as chief financial officer of Alusuisse-Lonza Holding. Marchionne was head of finance at Lawson Mardon in Toronto before its acquisition by the A.L Group. Since then be has been head of corporate development.

Kenneto I. Chenault, 43, vice-chairman of American Express. Chenault will continue to oversee the group's domestic card and travel business but takes on responsibility for brand management and advertising across the company. He will be the fourth member of Harvey Golub's chief executive's office.

■ Michel de Rosen to be chief executive of Rhone-Poulenc Rorer from April 25. De Rosen. a former chief executive of Roone-Poulenc's fibres and polymers sector, has been president and chief operating officer of RPR since September 1986. Robert Cawthorn, RPR's current chief executive. remains chairman, John Sedor, president of Armour Pharmaceuticals. RPR's plasma protein company, has been promoted to executive vice president of RPR, adding responsibility for human resources and business development. Tim Rothwell joins from Sander Pharmaceuticals Corporation as an executive vice-president of RPR and president, pharmaceuticals

eperations. ■ Gérard Menjon, 46, director of research at Electricité de France, Menjon, deputy direcfor of marketing development, replaces Paul Caseau who has been promoted to inspector ceneral on the EDF board.

Win J. Neuger is leaving Santers Trust Company to be chief investment officer of American International Group (AlG), in his newly created role. Neuger will oversee AIG's worldwide investment portfolies and report to Edward E. Matthews, AlG vice chairman, Figatioe.

■ Frederick W. Gluck, former chief executive of management consultants McKinsey & Co, an executive vice-president and

member of the board of Bechtel Group. Gluck will take responsiblity initially for Bechtel's global finance operations, Asia-Pacific regional activities, and its new strategic alliance func-

Thierry Desmarest, 49, senior executive vice-president of Total, president of Total's upstream activities. He will oversee all exploration and production, trading and shipping activities. Daniel Valot. 50, chairman and chief executive of Total Petroleum North America (TOPNA) will succeed Desmarest on July 1 as president of Total Exploration and Production. J.P. Vettler, president of Total Refining and Marketing, will be chairman of TOPNA and a chief executive will be appointed at a later

■ Brian Wilson, 49, director of strategic development AIB Group, parent of Ireland's biggest bank, joins the World Bank in mid-summer as a senior adviser. He will direct the World Bank's privatisation initiative for banks in developing countries.

Dominique Auburtin, 43, a non-executive director of Arjo Wiggins Appleton, Auburtin, o non-executive director of Saint Louis, the French sugar and paper company, replaces Saint Louis chairman Bernord Dumon killed in an air crash

on January 20. ■ Mitcbell E. Blaser, formerly chief planning and technology officer at insurance brokers Marsh & McLennan, Incorporated, chief financial officer. Howard C, Green, deputy chairman of C.T. Bowring (Insurance) and formerly director of global broking, head of operations processes and information technology.

Malcolm Macdonald, treasurer of the Ford Motor Com-

International appointments

We hope to create in these columns a comprehensive listing of senior appointments in international companies Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for

International People. Set fax to 'fine'.

Ruling on copyright work

The European

Court of First



EUROPEAN mission decision which COURT rejected a complaint relating to alleged anticompetitive practices by the

French copyright society.
The applicant, which represented a number of discotheque operators, originally lodged a complaint with the Commission in February 1986. It alleged copyright societies in different member states shared the market among themselves by concluding reciprocal representation contracts under which the individual national societies were prohibited from dealing directly with users set up in other member states.

It also alleged the royalties charged by the French copyright society, Sacem, wera excessive and that Sacem refused use of its foreign repertoire on its own, forcing users to acquire its entire French

and foreign repertoire.

The Commission investigated, but the investigation was suspended after requests for preliminary rulings from French courts on related

The European Court of Justice ruled article 85 of the Rome treaty prohibited concerted practice by national copyright societies by which each society refused to grant direct access to users in other member states, it also said article 86 of the treaty would be infringed if a national copyright society with a dominant position in a big part of the common market charged royalties which were appreciably higher than those charged in other member states, without objective justification for such

After the ruling, the Commission resumed its investigation, focusing on the royalty rates in member states.

In a report based on this investigation the Commission found royalty rates in France and Italy were much higher than in other countries and that reasons given by Sacem to justify such rates were not entirely convincing.
Some six weeks after the

report, the applicant formally asked the Commission to define its position and a month

later, in January 1982, the Commission said it would reject the applicant's complaint. A copy of the report

was enclosed with the letter. The Commission stated there was no basis for concluding the conditions for the application of article 86 were faifilled and there was no Community interest in the complaint as the practices alleged were essen-

tially reational. The Commission formally rejected the complaint in October 1983 and the applicant then

asked the CFI to annul it. The applicant argued, first, that the decision was not supported by an adequate state. ment of the reasons for it; second, that the Commission failed to make a determination on Secem's pricing practices; and third, that the decision was vitiated by an error of law and a clear error of appraisal.

On the first point, the Court found the complaint had contained three allegations, the first relating to practices cuv-ered by article 85 and the other.

two relating to article 86. The Commission decision rejected the complaint in its entirety without making a dis-tinction between articles 85 and 86. The applicant submit ted the Commission did not sufficiently state its reasons for rejecting the complaint insofar as it concerned the partitioning of the market resulting from the restrictive agreement between the various copyright societies in breach of

The CFI found that, aithough the decision mentioned the alleged restrictive agreement, it did not contain any reasons on why the applicant's complaint alleging partitioning of the market was rejected.

For this reason, it annulled the Commission's decision. insofur as it rejected the applicant's allegation that the market had been partitioned in breach of article 85. On the second point, the Court said under EC law the applicant was not entitled, as a right, to such a decision from the Commission.

The Court said the submissions on error of law and manifest error of appraisal were not justified on the evidence. .T.114/92: B.E.M.I.M v Commission, CFI 2CH, January 24.

BRICK COURT CHAMBERS. BRUSSELS



The Republic of Uganda

MINISTRY OF LOCAL GOVERNMENT RURAL FEEDER ROADS MAINTENANCE PROJECT (ADF LOAN F/UGA/ROD/92/30)

INVITATION TO TENDER FOR ROAD PLANT, VEHICLES AND EQUIPMENT

- The Government of Uganda has been granted a loan from The African Development Fund (ADF) in various currencies towards the cost of the Rural Feeder Roads Maintenance Programme and it is intended that part of the proceeds of this Loan will be applied to eligible payments under the Contracts issued from the present invitation for Bids.
- The Ministry of Local Government now invites scaled bids from eligible bidders for the supply of road maintenance plant. vehicles and equipment comprising, agricultural type tractors with trailers and accessory blade fittings, four wheel drive pickups, all terrain motorcycles, hicycles, assorted mechanical workshop equipment, pedestrian controlled vibrating rollers, hand tools and outboard motors in Lots as follows:

Lots	<u> Stem</u>	Approximate Ouantity	Description
Lot A	A01:00	27	Agricultural Tractors & Spares for Agricultural Tractors
	A02:00	1	Agricultural Tractor-Heavy & Spares for Agricultural Tractor-Heavy
	A03:00	42	Towed Scraper Blades & Spares for Towed Scraper Blades
	A04:00	24	Tractor Pusher Blades & Spares for Tractor Pusher Blades
	A05:00	56	Trailers & Spares for Trailers
Lot B	B01:00	24	Vibratory Roller (Light) & Spares for Vibratory Roller
Lot C	C01:00	704	Bicycles & Spares for Bicycles
Lot D	D01:00	159	Motor Cycles & Spares for Motor Cycles
Loi E	E01:00	10	Supervision Vehicles & Spares for Supervision Vehicles
Lot F	F01:00	22	Pick-ups & Spares for Pick-ups
Lot G	G01:00	2	Outboard Motors & Spares for Outboard Motors
Lot H	H01:00	16	Arc Welding Set & Spares for Arc Welding Set
Lot 1	101:00	16	Air Compressor & Spares for Air Compressor
Lot J	J01:00	16	Generating Set & Spares for Generating Set
Lot K	K01:00	39700	Hand Implements for Road Maintenance (Assorted)
Lot L	L01:00	400	Workshop Tool Items (Assorted)

Bidders are required to bid for all items in each lot for which a bid is made. Bidders are free to bid for one or more lots.

- Only Suppliers from member countries of the African Development Bank (ADB) and participant States of the African Development Fund (ADF) are eligible to bid. All goods and ancillary services to be supplied must have their origin from member countries of the ADB or participant states of the ADF.
- Interested eligible Bidders may obtain further information from and inspect the bidding documents at the office of the Programme Co-ordinator, in the Ministry of Local Government, PO Box 7037 Kampala, Uganda House, 5th Floor Telephone ' 256 (0) 41 241135 Telefax +256(0)41 257692
- A complete set of bidding documents may be obtained by any interested eligible Bidder on the submission of a written application to the above address and upon payment of a non-refundable fee of US\$ 100 or its equivalent in Ugastie shillings. An additional amount of US\$ 50 or its equivalent will be payable if delivery of the bidding document is required. by courier service.
- All bids must be accompanied by a security of 2% of the bid amount in a freely convertible currency to a form specified in Clause 16 of the instructions to Bidders in the bidding documents and must be delivered to the above office on or before 10.00 a.m. local time on the 20th April 1995.
- Bids will be opened in the presence of the Bidders representatives who choose to attend at one minute past Noon on the 20th April 1995 at the offices of The Central Tender Board, Ministry of Finance and Economic Planning, Nitrumah Road,

f all abstract painting is a kind of landscape painting, the opposite should also be borne in mind; that figurative painting necessarily car-ries within itself the bones of abstraction. The work of some painters clearly confirms this, while that of others tests it to the limit.

Barrie Cook at the Barbican and Noel Forster at Flowers East are testers, their work a matter of field and process rather than of the particular image. It is the surface of the canvas itself that they present to us, the paint laid nn and across it, flat and regular, matter of fact.

Yet no painter can remain entirely on the surface, for even the bare canvas on its stretcher summons up the sense and image of deepest space. With the very first mark laid on to violate or inform it, that implicit space is made more apparent, and every further mark extends it, forward or back as may be. It is in this inevitable engagement with anace that the abstract and the landscape painter become one.

Forster, even so, is a painter who does not relinquish his surface lightly. Given that the space must be accepted, he keeps it close to the surface, as shallow as possi-ble, by the superimposition of successive lattices of pigment, each all but obscuring the one before in a cursive, rhythmical screen. But not quite, and we peer through the tiny gaps that remain, into who knows what beyond. Until lately these veils were complex and contradictory, one now supervening, now the other in a kind of amhiguous visual knitting. The latest work is simpler in that the sequence is now clear, the last veil clearly the last and laid on as a single colour across the canvas. That these should be so simple and authoritative is an interesting development for so subtle and delicate an artist.

Cook, by contrast, has the gift some sculptors have of never working small. whatever the actual scale may be. He constantly returns to the stripe or column, usually vertical, sprayed onto an indeterminate colour-field or ground. These columns, set like a fence across the pictureplane, are wonderfully ambiguous, so sub-tle and suggestive that we may read them at once as both positive and negative forms, hovering in space and yet space themselves, shimmering and glowing, They are beautiful, and Cook's work an abstract symbolism of the highest order.

Michael Michaeledes, at Annely Juda. might seem at first no painter at all but the relief-maker he always was, still stretching unprimed canvas across his raised wooden armatures to soften the half-hidden form even as the new-stretched form declares itself. But while old abstract preoccupation with multipanelied formal sequences and progressions remains, he has long-since brought

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PERSONAL PROPERTY OF TANKS



An engagement with space

William Packer reviews the work of three abstract artists

rather more than a hint of figuration. His "Andiomeni", indeed, are limbless female torsos in relief that are as ambiguous as tailors' dummies, the taut, unpainted canvas describing yet conceal-ing the vestigial thighs and breasts. His large triptych, "The First Air Disaster", goes further still in that abstracted and progressively fragmented images of a wing are set in relief upon three larger canvases painted as actual landscapes, albeit unspecific and atmospheric evocations of broad colour into the work, and now brings to it skies and distant mountains, as seen from

altogether? Should sculpture reassert itself? We shall see. For the rest, with each relief integral to Itself, including the

abstracted figures, Michaeledes' work is as elegant and satisfying as ever. David Leverett, at Jill George, is the odd man in, with his romantic expressionist landscapes. He looks down the valley from the mountain-top with variously the sun blazing, clouds lowering, lightning flashing. "I need to touch the earth", he says, "to grasp the immensity of nature. The continents I seek are also outlined in the sky, in the formations of our dreams and in the mysteries of our own imagination."

This is all very well, but what is also apparent, and rather more interesting in this context, is that what was once seen and experianced directly has long since become formalised and repetitive in the service of his histrionic enthusiasm. And what we recall by these formal devices, in particular the inset rectangle invaded hy the vigorous calligraphy of the brush, is the abstract Leverett of 20 years ago and

more, with his colourful rectangular grids and structures. Phis ca change ...

Noel Forster; paintings; Flowers East, Richmond Road E8, until February 5. Barrie Cook: spray paintings; the Concourse Gallery, the Barbican Centre EC2, until February 26. Michael Michaeledes: recent works; Annely Juda Fine Art, 23 Dering Street W1, until March 4. David Levcrett Icons & Sacred Places; Jill George Gal-lery, 38 Lexington Street, Soho W1, until February 17.

'Dance Bites' on tour

ance Bites may be a feebla title, but it is good idea. A score of dancers from the Royal Ballet; a chance to encourage new cho-. reography; intimate, unpompous presentation; an economical, we suppose, way of showing our national troupe to regional audiences who might not otherwise see the company; a means of showing that ballet is not just swans and fairies: and psychotic Hapsburg royals: It is a neces-sary extension of the Royal Ballet's duty to its public, and its art.

Last year, a first tour was a success. Now a further jaunt is under way. Some new pieces - rather thin; an Ashton lollipop (the *Thais* duet); the statutory bunch of Forsythia, (no ballet company can now exist without this odd bloom somewhere in its garden), and a masterpiece new to the repertory, Balanchine's Duo Concertant. Glorious though this last work is, and infinitely welcome, the significance of the enterprise is the chance to encourage creativity from within the Royal Ballet itself, and on these terms the present Dance Bites, which I saw on in Dartford last week, is undermanned.

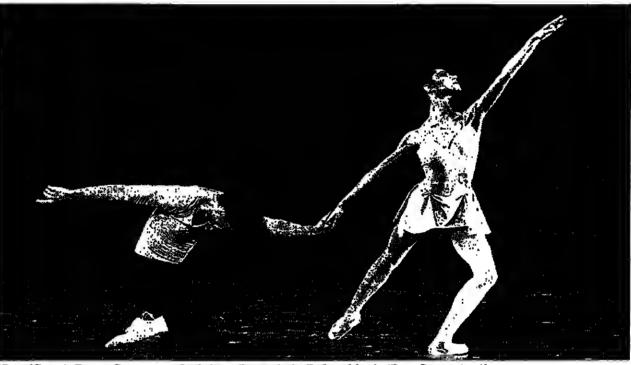
William Tuckett provides a new jazz solo for Leire Ortueta, which is papery and predictable, and his earlier A Shropshire Lad is revived. I discern in Tuckett's work a concern with exposing the emotional subtext of a score or a situation, which finds him sometimes battling with music or drama. There results dance that can seize one with pleasure at his daring, but can also seem gratuitous. Faced with seven Housman lyrics in settings by But-terworth and Moeran - tweedy music if patchouli and eddies of veiling. As neces-

ever there was - he is trapped by the poet's insistent "laddery" (there are two lads - William Trevitt and Adam Cooper, with Belinda Hatley as their lass, and Gary Avis as the poet). The songs are not dance music, and for all the touching poses Tuckett devises, be is their prisoner.

Ashley Page provides part of a work in progress, Two or Three Dialogues - which looks like two duets for Ann de Vos and William Trevitt - to some electronic maunderings by Brian Eno. Wa have Page's continuing wish to re-shape the academic manner. We also have his affection for design that enforces his quest for innovation. The dancers' outfits, by Flora McLean, are modish, quirky, and not a little tiresome: a plastic skirt for Miss de Vos, and some wilful accourrements give a fuzzy edge to the dance.

It is Matthew Hart's Solo which best speaks of a fresh choreographic eye. He made it for himself a couple of years ago, and it is here well danced by Ricardo Cervera. The music is the third movement from Shostakovich's string quartet No.8, a haunted, grotesque waltz for which Hart finds apt physical form. There is a gratuitous element of narcissism - the male soloist wears minimal trunks - but Hart realises his score's rbythmic and melodic sharpness in resourceful dance, while yet sustaining the waltz's onward pulse. It is a trifle, but valuable nonetheless.

So, in its heavily perfumed way, is the Ashton Thais duet. It was danced on this occasion by Leanne Benjamin and Michael Nunn, who brought the right intensity to



Magnificent: Bruce Sansom and Viviana Durante in Balanchine's 'Duo Concertant'

sary antidote, we have Balanchine's Duo Concertant, made for the New York City Ballet's 1972 Stravinsky Festival. In a season of marvels, it was an especial jewel. The musicians (Philip Gammon and Yury Torchinsky, very fine) are on stage. Twn dancers, Viviana Durante and Bruce Sansom, stand by the piano, listening, then are drawn into exploring the music's pos-sibilities. What follows is a miraculous dia-

logue between dance and music, movement responsive both to form and to the deeper ideas of the score. For Balanchine It was a conversation with Stravinsky and also with Terpsichore. The closing Dythyr amb hints at the idea of the muse - elusive, ever to be adored. Unforgettably created for Peter Martins and the delicate Kay Mazzo, it has been perfectly staged by Miss Mazzo for Durante and Sansom, who

are magnificent in it. The programme ends with William For-

sythe's Herman Schmerman.

Clement Crisp

Leicester tonight, Newcastle on Tyne Feh 2-4. Spnnsored hy the Andrey Sacher Trust and the Friends of Covent Garden.

David Murray

INTERNATIONAL

BERLIN

OPERA/BALLET Deutsche Oper Tel: (030) 341 9249

Der Fliegende Hollander: by Wagner, Conducted by Heinrich Hollreiser, production by Gustav Rudolf Seliner at 7 pm; Jan 31 L'Italiana in Algeri: by Rossini. Conducted by Ion Mann/Carlo Rizzi, produced by Jérôme Savary at 7

 The Marriaga of Figaro: by Mozart. Conducted by Stefan Sottesz, produced by Götz Friedrich at 7 pm: Feb 7

LONDON

CONCERTS erbican Tel: (0171) 638 8891 Tippett: Visions of Paradise: opening concert of the 'Visions of Paradise' festival that celebrates the 90th birthday of one of tha most eminent living British composers. Sir Colin Davis conducts the London Symphony Orchestra to play Mozart and Tippett's own, 'A Child of Our lime' at 7.30 pm; Feb 5 Festival Hall Tel: (0171) 928 8800

 Handel: Messiah: Charles Francome conducts tha Royal Philharmonic Orchestra with soprano Turid Karlsen, contralto Ruby Philogena, tenor Hirohisa Tsuil and bass Hubb Claessens at 7.30 pm; Feb 1

 Philharmonia Orchestra: with violinist Kyung-Wha Chung and conductor Kurt Sanderling plays Beethoven and Bruckner at 7.30 pm;

Feb 4, 8

Royal Philharmunic Orchestra: with pianist Eliso Virsaladze and conductor Yuri Temirkanov plays Britten, Prokofiev and Shostakovich at 7.30 pm; Jan 31 Vienna Philharmonic Orchestra:

Bernard Haltink conducts Bruckner's Symphony No. 8 at 7.30 pm; Feb 2 GALLERIES Royal Academy Tel: (0171) 439

 Poussin: over 90 works by the French artist. Centerplece of tha exhibition is the two series of the 'Seven Sacraments'; tr. Apr 9 OPERA/BALLET English National Opera Tel: (0171)

632 8300 King Priam: a new production of Tippet's opera that opens the London festival - Tippet: Visions of Paradise, to celebrate the composers 90th birthday at 7.30

pm; Feb 3 Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss at 7.30 pm; Feb 1, 4 Royal Opera House Tel: (0171) 340

Cosi Fan Tutte: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidó. In Italian with English surtitles at 7 pm; Jan 31; Fah 3, 6, 8

 Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by Juhn Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdenberg at 6.30 pm; Feb 4 (5.30

 Otello: by Verdi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30

 Troilus and Cressida: by Walton.
 An Opera North production conducted by Richard Hickox and directed by Matthew Warchus at 7.30 pm; Feb 2

Barbican Tel: (0171) 638 8891 New England: Richard Nelson's new play at 7.15 pm; Feb 3, 4 National, Lyttelton Tel: (0171) 928

 The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Feb 3, 4 (2.15 pm) National, Olivier Tel: (0171) 928

 The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford at 7.15 pm; Felt 6, 7, 8

NEW YORK

GALLERIES Guggenheim Soho Tel: (212) 423

 Antoni Tapies: 55 of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23 Museum of Modern Art Tel: (212)

708 9480 Kandinsky: Compositions:

exhibition featuring about 40 works including seven of the surviving 'Composition' paintings; to Apr 25 OPERA/BALLET

Metropolitan Tel: (212) 362 6000 ● Cavalleria Rusticana / Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zefirelli, conductor Christian Badea at 8 pm:

Feb 1, 4, 7 Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton at 8 pm; Feb 8 L' Elisir d' Amore: by Donizetti.

Produced by John Copely, conducted by Edoardn Müller at 8 Simon Boccanegra: by Verdi. A new production directed by Giancarin del Monaco. James Levine

conducts the opening night cast of Cheryl Studer, Plácko Domingo and Vladimir Chemov at 8 pm; Feb 2 Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi at 8 pm; Jan 31; Feb 4,

THEATRE Roundabout Theatre Company Tal: (212) 869 8400

 The School for Husbands/ Tha Imaginary Cuckold: by Molière. Michael Langham directs this Richard Wilbur translation starring Brian Bedford at 8 pm; from Fab 2 to Mar 12 (Nol Mon)

PARIS

CONCERTS Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24 Jorge Chaminé: baritone with pianist Maria Françoise Bucquet plays Tchaikovsky, Borodin and

Gilnka at 8.30 pm; Feb 7 London Symphony Orchestra: with sopranz Jessye Norman. Pierre Boulez conducts Berg, Bartók and his own compositions at 8.30 pm;

 Maxim Vengerov and Itmar Golan: an evening of violin and piano recitals by Mozart, Beethoven, Prokofley and Shostakovich with violinist Vangerov and pianist Golan at 8.30 pm; Feb 8

OPERA/BALLET Opéra Comique Tel: (1) 42 96 12 20 Lakmé: by Delibes. Conducted by Frédéricc Chaslin and produced by Gilbert Blin at 7.30 pm; from Jan 31 to Feb 18

WASHINGTON CONCERTS

Kennedy Center Tel: (202) 467 Washington Chamber Symphony:

Stephen Simon conducts Tower. Mozart and Mendelssohn at 7.30 pm; Feb 3, 4 OPERA/BALLET Washington Opera Tel: (202) 416

 Semele: by Handel. Conductor Martin Pearlman. Roman Terleckyj directs a Zeck Brown production at

8 pm; Feb 2, 6 (7 pm)

The Bartered Brida: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Feb 1, 3, 5 (2 pm),

THEATRE Arena Staga Kreeger Theater Tel: (202) 554 9066 Hedda Gabler: Henrik Ibsen's

drama, directed by Liviu Ciulei and translated by Christopher Hampton at 7.30 pm; to Mar 19 (Not Mon) Arena Stage, Fichandler Theater Tel: (202) 488 3300

Long Day's Journey into Night:

Eugene O'Naill's classic American drama. directed by Douglas Wager at 7 pm; to Feb 5 (Not Mon) Kennedy Center Tel: (202) 467

How to Suceed in Business

Without Really Trying: co-production with the Kennedy Centar. Directed by Des McAnuff and starring Matthew Broderick as J. Plerrecont Pinch, the little window-washer with big corporate dreams at 8 pm; to Feb 26 (Not Mon) Studin Theater Tel: (202) 332 3300

 Conversations with My Father: Herb Gardner's autobiographical work, directed by John Going. Sun 2pm and 7pm otherwise at 8 pm: to Feb 5 (Noi Mon)

ZURICH GALLERIES

Kunsthaus Zürich Degas-Tha Portraits: a major new exhibition of the portraits of Edgar Degas; to Mar 5 **OPERA/BALLET**

Opernhaus Tel: (01) 262 0909 Der Freischütz: By Weber. Conducted by Nikolaus Hamoncourt and produced by Ruth Berghaus. Soloists include Inga Nielsen and Malin Hartelius at 7.30 pm; Feb 3 Dia Fledermaus: by Strauss. Conducted by Franz Welser-Möst and produced by Robert Herzl at

7.30 pm; Feb 1 Linda di Chamounic by Donizetti. Premiere conducted by Adam Fischer and produced by Daniel Schmid. In Italian at 7.30 pm; Jan 31 The Masked Ball: by Verdi. Conducted by Franz Welser-Möst and produced by Michael Hampe at 7.30 pm; Feb 2, 5 (4 pm)

Concerts

Minor and monster forces

evond the Boulez 70th birthday celebrations continuing at the Barbican (of which more another day), the London concert scene was particularly enterprising last week. There was a Harrison Birtwistle premiere for solo tuba and the London Philhar-monic; a visit by the City of Birmingham Symphony, inflated to the size Strauss demanded for his Symphonia domestica; and nf all unlikely things Bohuslav Martinn's very late oratorin The Epic of Gilgamesh, grand and entirely odd, and exhumed to n high standard by (nf course)

the BBC Symphony.
The new Birtwistle piece stems from his recent opera The Second Mrs Kong, In which a minor character was Anubis, the jaekal-headed Egyptinn god whn likc Charon led the souls of the dead to their fate. In The Cry of Anubis he has become a tuba, singling a snlemn, ruminative threnndy – uccasinnally rising to anguished barks – whilst the strings develop intricate patterns. Timpani, bells and harp (struggling to make itself heard)

hang sonorous clusters upon the solo linc. There were events enough to fill out the 13 minutes of The Cry, but here they kept a low profile hy Birtwistle's standards.
The reduced LPO strings sounded too few against their noisier colleagues, and not rehearsed to the point of full confidence. Even Owen Slade, the excellent tuba, preferred to play safe with his hroad, round timbre, rather than let bls imagination light up the score with cxtra subtletles. What we heard was moderately imposing, hnt there must be more to be discovered.

There cannot be much in the Symphonia domestica that Mark Elder has not discovered. At the Barbican with the CBSO on Friday, he conducted Strauss's monster forces with delicacy and unlimited tenderness, rendering the score almost transparent for once: not clotted, not overbearing, but the bonest, good-hearted pacao to familial bliss that It was meant to be (on tts unabashed public scale, with no stint-ing on the citmaxes). It was beautifully phrased, and hugely disarming - and the orchestra did Elder proud. Doubts about whether Strauss's time was well spent in erecting this monument to the late 19th-century "symphony" in 1963, whether for him the whole Ingenious exercise was already too much like taxidermy, were

easily suppressed while it lasted.

Donbts about Martinu (1890-1959) are always tantalisingly with us. For many Czechs he is their latest major composer after Janáček and Suk, thoogh he enjoyed an urbane self-exile in Paris and America for most of his life. For non-Czech listeners he remains a radically quirky com-poser; never a serious revolutionary, but peculiar, even cranky, in almost every detail. His seemingly conventional forms tunes and harmonies go off at unpredict able tangents; the rationale for that is generally opaque, and yet - once in a whila - be scores memorable effects.

The Epic of Gilgamesh is based on the pre-Biblical narrative, but it is neither an epic nor even quite an oratorio. What occasioned it seems to have been the death of a lifelong Martinu friend in 1945, on mortality and loss. The legendary events are reduced to a narrow thread. In part I the hero Gilgamesh, a flerce ruler who brooks no opposition, finds a soul-mate in Enkidn, another demi-god and an innocent "natural savage" (with luxuriant hair like a woman's); ln part 2 Enkidu is suddanly dying, after premonitory dreams; part 3 is ali Gligamesh's desolate grief, with Enkidn contributing a bleak testimony from the underworld.

Jiří Bělohlávek led his quartet of distinguished Czech sololsts in a strong, sympathetic performance. The best portions of the score were very striking: the first barbaric ode to Gligamesh (BBC Symphnny Chnrns in superh form and brave Czech), the representations of Enkidu's ecstatic (heterosexual) initiation, his epic challenge in Gligamesh and later that hero's desperate heartbreak, then their spectral last encounter. The sounds were often extraordinary - apparently intuitive, not generated by any theory, but instantly haunting. I have no idea what, exactly, Martinu was doing, bot it was not a waste of time.

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AND SATELLITE **BUSINESS TV** (Central European Time) MONDAY TO FRIDAY

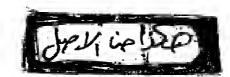
NBC/Super Channel:

FT Business Moming

10.00 European Money Wheel Nonstop liva coverage until 14.00 of European business and the financial

17.30 Financial Times Business

Midnight Financial Times Business Toniaht



apanese carmakers, hattered by the rise in the value of the yen, have struggled in the past year to keep pace with the nascent recovery in the west European new car market.

The launch by Mitsubishi Motors today of its first Euroean-built model shows that they nevertheless remain determined to succeed. It raises the competitive stakes with a hig increase in the production capacity in Europe. The Mitsublshi Carisma, a

large family car to be unveiled et the Amsterdam motor show, will challenge models such as the Ford Mondeo, the Opel/ Vauxhall Vectra and the Ren-

As the first cars roll off the assembly line at its new plant at Born in the Netherlands, Mitsubishi Motors becomes the fourth Japanese vehicle maker to begin mainstream car production in western Europe. Nissan, Honda and Toyota are well established in Europe. They produced 333,000 cars last year at their three plants - all in the UK - accounting for about 3 per cent of total west

European car output. With the addition of the Mitsubishi factory, the four Japanese carmakers are forecast by DRI Europe, the automotive analyst, nearly to triple production to 955,000 by 1999, raising their share of west European car output to 6-7 per cent by the end of the decade.

In the past year, Japanes carmakers have suffered falling sales in Europe. They have been hit by the rapid rise in the value of the yen - which has increased the cost of imported cars and components and have been forced to confront strong competitive pressure from resurgent European

Sales of Japanese cars in west Europe dropped 5.8 per in 1994 cent to 1.3m, in an overall market which grew by 5.9 per cent to reach 11.9m. The market share of the Japanese declined to 10.9 per cent - the lowest for fiva years - from 12.3 per cent a year earlier. Only Honda among Japanese carmakers increased its regis-

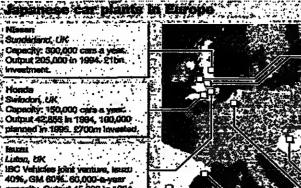
trations in Europe last year. European fears of rapid Japanese penetration of the west European market have so far proved unfounded, with the latest DRI forecast suggesting that Japanese market share will rise moderately to 13.9 per cent in 1999. And although Japanese production in west Europe will have increased sharply by the and of the decade, part of this rise will

Sundariano, UK Capacity: 300,000 cars a year. Output 205,000 in 1994. 21bs.

Honda Swindon, UK Capacity: 150,000 cars a year. Output 42,855 in 1994, 100,000

Luton, UK 40%, GM 60% 60,000 a year capacity. Output 45,000 in 1894

Lineres, Spain Sentane-Motor (83.7% Suzuld). 60,000-a-year capacity. Produces compact sportfulfity vehicles.



year capacity. Output 104,000 in 1994.

Toyote ; Burnasion near Dorby, UK Capacity: 200,000 cars a year. Output 85,000 in 1994, Second a, Chwyd

Capacity: 200,000 engines a year. First production September 1982. \$140m investment

Esztergom, north of Budepest. Magyar Suzuki (40% Suzuki, 11% C.itoh), 50,000 a year car c

Born, Netherlands ity: 200,000 cars a year. Starts 1995, Fl 8.4bn Investm Output to be shared equally.

Eyes on the fast lane

come at the expense of direct Kevin Done on Mr Helmut Werner, chief executive of Mercedes-Benz of Germany, maintains that there has been "a shift in competi-European plans tive dynamics" in the three main car-producing regions

during the past two years, in favour of North American and European vehicle makers. He accepts that "the drastic appreciation of the yen" has played a role, but says that **European and North American** producers have improved their products and have exploited

competitive advantages in areas such as safety. "We still cannot afford to underestimate the Japanese, he says. "Their production system is as outstanding as ever. But recent developments have shown we in Europe can hold our own, if we are prepared to tread new paths in terms of organisation and working pat-

terns in our plants. A study by DRI says that European carmakers are rationalising their ranges, with a big cut in the number of basic chassis platforms from 83 to 57 between the early 1990s and the end of the decade. At the same time they are increasing the number of derivative models to meet the varied

demands of their customers. For the Japanese, the going has proved much tougher than expected. In addition to the problems of the strong yen, their ability to speed up the transfer of production from Japan to Europe has been held up by recession and dwindling profitability at home.

They are struggling, too, to

CONFERENCE

Realising the Ambition

20 & 21 March 1995 - London

competitive for R&D-based pharmaceutical majors. Many are now looking at new ways of working

As governments worldwide seek to contain healthcare costs, the marketplace has become more

with the healthcare purchasers, whether in the US free market environment or in European-type

social systems. Leading figures will outline their vision and strategies for moving from being

Mr Mitchell E Daniels

Pharmaceutical Operations

Eli Lilly and Company

Chief Operating Officer

Member of the Board

F Hoffman-La Roche

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Officer

Disease Management – Realising a Vehicle for Competitive Positioning

President

North American

Dr Armin Kessler

FINANCIAL TIMES Evolving from Pills to Healthcare –

Tapanese carmakers'

build effective dealer networks in countries such as France, Italy and Spain, where their sales have been restricted by quotas, and they have lagged behind European and US rivals in the provision of security and safety features, such as dual airbags, that are fast becoming standard equipment.

Nissan, which blazed the trail for Japanese car produc-tion in Europe in the second half of the 1980s, has run into problems at its £1bn plant at Sunderland in north-east

ts plan to produce 270,000 cars in 1993 with the creation of a capacity for 300,000 cars a year was blown off course by recession in the European car market. Production had to be cut back to 246,000 in 1993 and fell again last year to only 205,000. Several hundred jobs have been cut in tha group's first voluntary redundancy scheme.

Nissan has also run into difficulties in Spain, where its Nissan Motor Iberica subsidlary, which makes four-wheel driva and other specialised vehicles, is expected to suffer a fourth successive year of losses

Similarly, Suzuki has suffered heavy losses at its plant in southern Spain, which has come close to financial col-

WORLD PHARMACEUTICALS

Mr André Haelg

SwissCare

President R&D

Member of the Board

Dr Manfred Karobath

Rhône-Poulenc Rorer

lapse. It is pressing ahead with the development of its small car plant in Hungary, however. And Toyota has been forced duction at its £700m plant in the UK. Planned output for

1995 has been cut to 90,000 from 100,000, and the group is still to make a decision to press ahead with the second phase of the project and the expansion of capacity to 200,000 a year Mitsubishi Motors, the latest arrival, aims to reach produc-

tion of 100,000 cars a year by 1997 at the Fl 8.4hn (\$2bn) Ned Car plant, which it has developed in a joint venture with Volvo, the Swedish carmaker. and the Dutch government. But it faces a difficult task as it tries to carve out a greater share of a market in which discounting and sales incentives are still rife.

Its Dutch plant should be among the most efficient in Europe, however, and it is aiming to start with local content of about 85 per cent. Mr Hiroshi Ninomiya, presi-

dent of Mitsubishi Motor Sales Europe, says the plant will achieve an assembly time initially of about 20 hours per car. but this should be reduced to 17 hours or less at full capacity putting it ahead of most European car manufacturers

"Wa will get our costs in order," warns a senior executive of one leading Japanese carmaker in Europe. "Yes, the Europeans have bounced back, especially in design if not so much in their costs, but it is a cyclical industry. Be sure that the Japanese will come back."

Joe Rogaly

Obsessive party games



words over tle of ebstractions. So is Labour's exchange of ver-bal hostilities Clause 4 of its constitution. Britain's governing party

is living in nightmare-land; the principal opposition inhabits a hall of distorting mirrors. Mr John Major is the captive of 19th-century imaginations; Mr Tony Blair a potential victim of the far more terrible phan-toms of the early part of the 20th. Like boys obsessed with Nintendo games, the prime minister is feverishly thumbminister is reversiny thumb-ing the buttons on Master of the Eurosceptics, his rival, the leader of the Labour party, is turning bug-eyed over The Claws that Sunders. Perhaps we should be grateful. It might

The above exposition of the state of British politics may cound light-headed, but the intention is serious. Our political leaders are floating on clouds of ersatz dialogue. Each is distracted by passionate soul-searching within his party. Consider first Mr Major's fantasy-game. The prime minister knows that Britain has no choice but to participate in whatever is going on among its continental neighbours. He has said so. His emphasis, however, varies.

keep them out of mischief.

This is nothing new. From time to time the UK government is overcome by delusions of grandeur, as it was over the European Coal and Steel Community, which it failed to join in 1950, or the drafting of the Treaty of Rome, from which it stayed aloof in 1955. Such self-glorification has

been punctuated by panic attempts to opt in, or desperate scrabbles not to be left out. These began in 1961, but the pattern persisted. As prime

The Conserva minister in 1970-74 the then Mrtives' war of Edward Heath led us into the successor nearly took us out. When she was prime minister in 1979-90 Lady Thatcher thundered "no no no no" from every platform, but in the back room, confronted by the Single European Act and possessed of a praiseworthy sense of realpo-

litik, she whispered "yes yes This well-known poet-1945 hietory history of opportunities botched and subsequent patchups is rehearsed in the current issue of The Political Quarterly. None of the blather of the past week changes the continuing story. Last Thursday's that exclude us", cannot cabinet deci _______ be galnsaid. cahinet deci-

near future. The PQ, edited by Messre Colin Crouch and David Marquand, com-ments that "the . easiest way for the

government to

to call a snap election before the intergovernmental conference, and to fight it on an anti-federalist ticket - suitably tinged with a genteel xenophobia - around which all but the bitterest Eurosceptics in the Conservative party could unite". This thought has plainly occurred to the opposition. The IGC is due to start next year. Labour is already taking pre-emptive action. Mr Robin Cook said yesterday: "Europe must be a community of free member states." For good measure, the shadow foreign secretary added: "Labour rejects the concept of a Euro-pean superstate," This makes

as much sense as it does when

the prime minister says it. The

European Union is and will

remain a permanent conference of independent nations. No united states of Europe is in sight, "Conservatives are against the consumption of bables for breakfast," Mr Major might proclaim. "Us too," says

Mr Blair. Yesterday's article on this page by Lord Howe should come as a bucket of cold water over populist heads. The for-mer Tory chancellor and foreign secretary foresees and welcomes greater cohesion in an ever-closer union than some of us do, but his basic proposition, that "if we make the EU unworkable", France and Germany "will find other solutions

slon to bang the nationalist. The UK cabinet, it should be spelt drum may be a seems, threatens a ont. Whether or not we drag machine-gun our heels in spray of vetoes at a single curthe IGC, crying: rency is estab-lished, sooner Treeze, Europe. One move and be begging for membership of we'll blast vou' the highest cir-

escape from its predicament is then extant. The empire is gone. Pace Mr Malcolm Rif-kind, the UK is not the 51st state of the US. Stand alone? Britain cannot be Switzerland. It is too large to be Norway. There is only Europe.

Who is saying this with

unqualified clarity today? Not

Mr Michael Heseltine, who wrote a book on it. Not vet Mr Kenneth Clarke. Not even Mr Douglas Hurd. The industry secretary, the chancellor and the foreign secretary all know better. Yesterday Mr Hurd's characteristically diplomatic remarks indicated his adherence to the idea of Britain's place at the centre of European affairs. Yet he, along with other European-inclined members of the cabinet, has apparently acquiesced in the prime

minister's implicit contract with the Euro-sceptics. The most extreme version of that unholy pact was expounded by Mr Michael Por-tillo over the weekend. The Britlsb cabinet, it eeems, threatens a machine-gun spray of vetoes at the IGC, not looking to see who or what might be upset, not waiting to ascertain what subtle negotiation might achieve, just parroting the pre-election soundbite: "Freeze, Europe. One move and we'll blast you.

When he is not working out

how to follow that, Mr Blair is

engaged in a surrealist exercise of his own Clause 4 prom-

ises the nationalisation of

enterprise. It is what makes Labour socialist, in the Marxist se. As such, it is redundant, faded ink on yellowing paper. A Labour government would not take one more brick into state ownership with Clause 4 intact, nor one less without it. Yet Mr Blair is touring the country to persuade party members to vote for a replacement passage, something thet promises fairness, social justice and, with luck, adherence to a dynamic market economy. In a sane world he would have no trouble winning the vote. The Labour party being what It is, some of its members have labelled their leader a class traitor. Others use derogatory terms to describe him. The argument over the dratted clause has become a dispute over whether drops of Marxism remain in Labour's blood. It is a purification ritual, probably necessary but certainly unrelated to the immediate concerns of voters. It is a narty matter. In this it echoes the Conservative agony over Europe. There the resemblance ends. Mr Major is skating backwards at the behest of his party's sceptics. Mr Blair is confronting his own potential

rebels head-on. The difference

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine').

Trenslation may be available for letters written in the main international languages.

UK needs nuclear rethink

From Mr Frank Blackabu-Sir, In your excellent editorial on the non-proliferation treaty, "A treaty worth saving"

that is not mentioned. As you say, the US and Russia can claim they are fulfilling their obligations under the treaty by substantial reductions in the number of their nuclear warheads.

The UK can make no such claim. It is engaged on a programme which dramatically increases the range and accu-racy of its strategic missiles, and it is raising the yield of the warheads which those missiles carry from 40 to an estimated 100 kilotons.

(The Hiroshima bomb. for comparison, was around 13

It really is time for the three main political parties in the UK to think again about Britain's nuclear weapon

policy. Frank Blackaby, 9 Fentiman Road, London SW8 ILD, UK

A better way of saying it

From Mr Graham Allen. Sir, Your normally witty, succinct, award winning headline summary on the front

page has let me down.
Surely a more appropriate and concise headling for the story "Australian opposition leader quits" (January 27) would have been "Downer Graham Allen,

7953 Kemyon Av., Los Angeles, California 90045, US

Rome treaty may support a UK unilateral ban on calf exports of the treaty specifically per | not have the force of a treaty

Sir, As the first chairman of the European parhament's allparty group on animal welfare, I applaud, as you do ("The morality of animal rights". January 30), the efforts of UK agriculture minister William Waldegrave to achieve EU wide agreement on abolishing the veal-crate system, already ban-

ned in this country.

We should not, however, be under any illusion about the difficulty of the task. When will the Commission make a proposal? When will the Council adopt it? Will the Council agree on an early date for implementation? What if the phase-out date for the vealcrate system is put off, say, until well into the next century

as seems quite possible? I am less convinced than you that unilateral action by the UK to ban the export of live calves, pending the adoption of satisfactory common standards, would be illegal under the Treaty of Rome. Article 36

mits member states to impose unilateral bans or restrictions on imports or exports where no doubt now arguing strongly measures are not disguised restrictions on trade.

Other countries, notably Denmark, Germany and the Netherlands, have successfully invoked article 36 to achieve higher environmental standards than laid down in EU legislation. This has sometimes led to rapid adoption of improved EU standards even-when at first sight the votes in favour of such improvements seemed not to be there. Moreover, the declaration on

animal protection, agreed at Maastricht largely at the insistence of the British prime minister, "calls on the EU institutions and the member states to pay full regard to the welfare requirements of animals" in operating the Common Agricultural Policy, etc. Of course, a declaration does

human, animal or plant health in the cabinet committee pre-is threatened, provided such paring for the next intergovernmental conference that the declaration on animal protection should be converted into a proper legal text. European Court judges may well bear this in mind if they have to consider a unilateral UK ban. At the end of the day, the European Court may of course rule that a unilateral ban is indeed illegal and that British sovereignty in this, as in other matters, is limited as a result of the UK's membership of the European Union. If this is the case, we will all have to draw our own conclusions. Stanley Johnson,

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A.755.

生形物學學學

article. But this is a dynamic

situation and Mr Waldegrave is

former vice-chairman, European Parliament Committee on Engironment Public Health and Consumer Protection,

60 Regent's Park Road. London NW1 7SX, UK

Mutual support on dance

From Mr Ian Albery.
Sir, It is good to see the Financial Times giving serious coverage to the question of London's provision for staging dance and lyric theatre in the next century.

We look forward to bearing

the outcome of the Arts Coun-cil's current deliberations on Antony Thorncroft is seri-

ously mistaken, however, to put our plans to redevelop Sad-ler's Wells in opposition to English National Ballet's hopes for the future ("Art for all and money for some", January 21). Rosebery Avenue, London needs a range of thea-

tres seriously committed to dance. A positive aspect of the dance world in London is the extent to which all organisa-tions are working together to ensure the best possible range of venues for our audiences and companies.

Sadler's Wells in no way considers there to be any rivalry between itself and English National Ballet and each is fully supportive of the other's aims and aspirations. Ian Albery, chief executive, Sadier's Wells, Rosebery Avenue,

Full support

From Sir Reger Gibbs.
Sir, With regard to your People article, "The man who welcomed Glaxo" (January 30), by Katharine Campbell, I would like to make one point clear. The board of Wellcome plc did consult the governors of the Wellcoma Trust over the appointment of Mr John Robb as both chairman and chief executive of that company. I would like to make it quite clear that the trust fully supported that decision.
Roger Gibbs,
chairman,
The Wellcome Trust,

183 Euston Road, London NW1 2BE, UK

Essential to require disclosure of top executives' pay or she is driven by envy or

From Mr David Chidgey, MP Sir, Sir Iain Vallance (Per-sonal View, January 25) misses the mark in his article on execit is all very well to argue that shareholders should "stick to what is material and practi-

cal", but this is almost impossible while shareholders are denied comprehensive information about the full remuneration paid to company directors.

It is now clearly necessary for legislation to enforce the disclosure in a company's annual reports the full remuneration packages awarded to every director. This simple measure, which even the Institute of Directors now advo-cates on a voluntary basis, will improve accountability and transparency. It will also allow some rationality to enter the current debate on executive remuneration.
David Chidgey,
Liberal Democrats' employs

and training spokesman, House of Commons, London SW1A GAA, UK

From Mr Jeremy Wage Sir, The article by Sir lain Vallance started promisingly with some telling points about differing standards towards the rewarding of success and the role of money. But he is too gilb when he suggests that the salary of the chief executive is of no concern to supplyees.

Of course it is. Whether he gave for determining a "just and salary of the chief executive is of no concern to supplyees."

Sir rain valuance, I was grad to be rained of the concept of a "...just and fair reward for the job done".

More immediately, I am puzzated by one of the criteria he gave for determining a "just".

ambifion, the boss'e pay (and not just the top boss) is of legitimate interest to every employee. How'e company sets its rewards and their level says e lot about the values under which it operates. Jeremy Wagener, Fairfield, Silver Street,

Stansted, Essex CM24 8HE, UK From Mr George Bull. Sir, It was refreshing to see the positive contribution from Sir lain Vallance. I was glad to

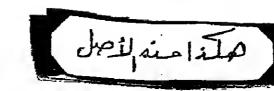
be reminded of the concept of a "...just and fair reward for

reward". He mentioned comparability with other similar jobs, saying: "There is a market (albeit imperfect) for chief executives and an interna-tional one at that."

Surely this market is extremely limited and marginal? I would be impressed to see more British executives flocking for higher rewards to work in Japan, Germany, France and the US. It would be a reassuring kind of brain drain. But when it comes to board rooms and top managers, business is surely still very nationalistic?

George Bull, Editor, insight Japan, 19 Hugh Stre London SWIV IQJ, UK

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Tuesday January 31 1995

Diplomacy required

The resolution of a trade dispute between the US and China now ppears to hinge on whether a Chinese dalegation will buy a plane ticket to Washington this week. At issue is intellectual property and, in particular, factories in southern China that specialise in counterfeit compact discs, and in evading royalty payments to US es. For the moment, this is a trade rift, not a war, and both sides indicate that a resolution is possible. But the dispute could take a turn for the worse on February 4, when the US promises to produce a list of Chinese imports to be subject to 100 per cent tar-

That will bring the countries closer to confrontation, and could be the opening date for theatrics in which the point of the dispute becomes the conduct of the argument, and not the substance of a settlement. in Beijing last week, both sides appeared wary of war. But US negotiators have returned to a Washington congressional audience keen to put pressure on China over a range of issues from market access to human rights, arms control and Taiwan. The Chinese negotiators must report to a Communist party awaiting, with apprehension, the imminent death of the country's paramount

leader, Deng Xiaoping. Some Beijing officials will see a trip to Washington as a loss of face, but the more pragmatic will not bother to invoke the fake-producing factories as a point of national honour. Their job will be made easier if Mr Mickey Kantor, the US trade representative, chooses his words carefully when he gets the curtain call on February 4. Under section 301 of the US trade act, the Chinese will still have a month to answer US demands before punitive tariffs are applied on footwear, toys and whatever else Mr Kantor puts on his shopping list.

Delicate decision

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The decision on sanctions is a delicate one for the Clinton administration. On the one hand, feel-ings in the US business sector are running strong and there are fewer divisions over intellectual property than there were at the time of last year's dispute on most favoured nation status. Mr Kantor must have a deal he can sell to a

sceptical business constituency On the other hand, outright confrontation on intellectual property would give heart to those anxious for a tough line towards China on other issues like Taiwan. That could be counter-productive if it drove China deeper into isolation.

Political issues

The US needs a workable relationship with Beijing for the lon-ger term, and not just because of the growing size of economic exchanges. There are political issues, such as North Korea and security in the Pacific Rim, where collaboration is and will remain

China sometimes gives the impression it feels it is doing the US a favour by negotiating, that eloping countries have a right to piracy; and that China, in its own time, will pass through thet phase. But becoming part of the international community means abiding by international rules. That is the point underlying the US demand for a monitoring force ensure the protection of intellectual property rights.

It has been too easy for Beijing to become party to an agreement, and then to blame violations on errant and uncontrollable individuals. That Chinese swimmers have recently been exposed as setting records for lap times and drug abuse should have been a warning to Beijing that its reputation depends on abiding by multilateral rules.

The government should also listen to the recent public words of warning from companies outside the US, such as Unilever and Deutsche Bank. In the past, Beljing could rely on silence from foreign companies, which had calculated that the risk of alienating Chinese officials was greater than the reward from drawing attention to difficulties.

Similarly, countries hacking China's World Trade Organisation entry are irritated by threats that it will refuse to resume negotiations next month unless favoura hle concessions are made. The .Chinese government should see the WTO matter as multilateral, not personal. And the US should ensure that its dispute with Beijing remains about loss of market share, and not about the loss of

A phantom Euro-debate

For a heady moment last week, Mr John Major may bave allowed himself to imagine that he had bought a truce in the British Conservative party with his latest repackaging of policy on Europe. If ao, the past faw days have proved him sadly deluded. By attempting to appease party Europhobes with a more strident tone ahead of the European Union's 1996 intergovernmental conference, he and senior Cabinet colleagues have infuriated Europhile MPs. The attack in these pages yesterday from Lord Howe, former chancellor and foreign secretary, is just a foretaste of the skirmishing to come. For the government, it should also serve as a most omi-

nous portent.
If Mr Major's lurch to the right on Europe continues - and that is quite a large "if" given the tendency for the government's policy to abb and flow with the tides of Commons votes - it could turn out to be an error of considerable proportions.

In Europe, it would mean that the UK went into an important round of negotiations threatening to veto almost any European treaty change that could be portrayed as having constitutional significance. That would be the equivalent of having one hand tied behind its back and the other flailing with a blunt instrument. It is certainly not an approach likely to persuade Britain's European partners of the merits of its case.

Even in terms of British domestic politics, it is hard to see how Mr Major thinks he might profit from such a negative stance in anything but the very short term. For all the huffing and puffing about the veto, history suggests that the other 14 EU members will not allow Britain alone to stop them agreeing on structural changes that several of them regard as essential.

Phoney choice

Thus, unless Mr Major takes the opportunistic step of calling a pre-IGC election and campaigning on a Burosceptical ticket, the conference's outcome could return to haunt him just as campaigning for a general election is at full tilt. At that point he would face anew the phoney choice that has confronted numerous British prime ministers since the war: whether to accept a fait accompli cooked up on the Europe's future.

continent, or to opt out of the

whote enterprise. The saddest irony of Mr Major's predicament is that the sound and fury on his backbenches has little bearing on real life. Giant steps towards a federal Europe will not be on the table at the 1996 conference. Rather, the agenda is likely to focus on limited, practical steps to streamline the functioning of the union and prepare for eventual membership by the states of central and eastern Europe.

Sharing sovereignty

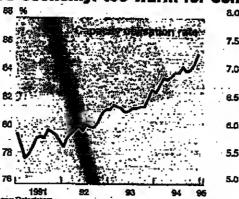
Some of these are bound to entail a modest further sharing of sovereignty as has been operating successfully for some years under the Single European Act signed by the then Mrs Margaret Thatcher. But the innovation that is arguably of greatest constitutional significance - economic and mone-tary union - is already enshrined in the Maastricht treaty, and Britain can choose whether to join, probably by referendum.
in any case, the government is

not without continental allies on the issues dearest to its heart. France and Spain, for example, will support changes to the system of qualified majority voting that would improva the ability of larger member states to block decisions they do not like; France in its current mood is unlikely to countenance significant further transfers of power to Brussels.

In many areas, as Mr Douglas Hurd never tires of reminding audiences, subsidiarity is now the watchword. And the agenda of free markets, privatisation and flexibility with which the British government is associated has mada great atrides up the EU agenda in recent years. That said, those MPs who think it will be possible for Britain to opt out of additional swathes of EU policy and still retain influence, or even remain a member, are deluding

It is time for Cabinet ministers of known pro-European views -Mr Kenneth Clarke and the strangely silent Mr Michael Heseltine to name two - to stand up and argue this case without equivocation. Shrill nationalism of the kind projected by some ministers in recent days is an expression of weakness and division, and an abdication of influence over

US economy: too warm for comfort



homely way

explaining monetary policy: it is like trying to control the tempera-

ture of your home with a sluggish

central heating thermostat. When It

gets too hot, you turn down the tbermostat. You get frustrated because nothing happens. So you

keep on turning it down. Before

long you are freezing... The US economy was undeniably

tic product grew at an annualised rate of 4.5 per cent in the final quar-

ter and by 4 per cent during the

year as a whole - a marked acceleration from 1992 and 1993 when real

GDP grew by 2.3 per cent and 3.1

Since growth last year was higher than any plausible estimate of the economy's long run potential, most

analysts expect the Fed to signal

another increase in sbort-term

interest rates following a strategy

meeting today and tomorrow. The consensus view is that the Fed will

raise rates by a half point to 6 per

cent. This would mark a doubling of

rates since early last year when the

Fed began to tighten policy. But while nearly unanimous in

accepting the logic of a rise this

week, economists are sbarply

divided on the merits of a further

algnificant tightening of policy. Many believe the economy is

already decelerating in response to

last year's rate increases. They fear

the Fed could precipitate a reces-

slon next year if it moves too

aggressively. To use Mr Blinder's

analogy, it would have failed to

allow for the economy's sluggish

response to the monetary thermo-

The "slowing already" school

cites numerous signs of flagging growth, Last week's GDP figures

showed a large increase in corpo-

rate inventories in the fourth quar-

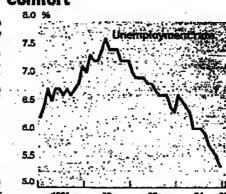
ter. The increase for the year as a

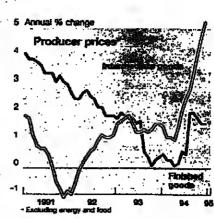
whole was the biggest in a decade

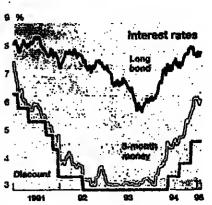
and accounted for about 1 percent-

per cent in real terms.

baking hot last year. Cross dome







Need for cool heads in a hot clime

Will US economic growth subside before the onset of an inflationary spiral, asks Michael Prowse

age point of last year's growth. Some regard this as evidence that companies have over-estimated conaumer demand and will have to trim production in coming months. Consumers, meanwhile, are said

to be suffering from fatigue. Preliminary reports showed retail sales were flat in the final two months of last year. After a buoyant 1994, the hig US car companies are cutting production at some plants and revising down their optimistic sales forecasts. And although bousing starts were stronger in December than most analysts expected, many indicators of housing activity, from mortgage applications to builders' surveys, are pointing down. Citing these and other signs of

flagging momentum, Mr Bruce Steinberg, a senior economist at Merrill Lynch, predicts that GDP will grow at an annualised rate of less than 3 per cent in the present quarter. Since nearly half the increase in consumer spending last year was financed by instalment credit, he expects consumption growth to drop to a sedate 2.0-2.5 per cent this year. On this analysis, the Fed will be

able to stop tightening soon, either after this week's expected move, or after one additional half-point increase, when short-rates reach about 6.5 per cent. Anything more would constitute monetary overkill. Mr Alan Greenspan, the Fed chairman, gave qualified support to the "slowing already" thesis last week. He told Congress the economy was no longer growing at the "very torrid" pace of late last year, raising doubts in some quarters as to whether the Fed would move at all this week.

The notion that the economy is already settling into a slower, more sustainable phase of expansion, and that sbort-rates are thus near their peak, appeals to investors. It would mean that bond prices would not fall much forther and might even recover ground later this yeor. Shares would also be more likely to maintain their value. ut such a luxuriously

soft landing is far from certain; the evidence of slower growth is hardly conclusive. Inventories have certainly risen sharply, but economists at J.P. Morgan, the New York bank, point out that current levels of stockbullding have been sustained for long periods in the past. The ratio of inventorles to sales is still low by past standards. Nor should too much be read into scattered signs of recent indigestion

in the retail, car and housing sectors. Lulls in spending are to be expected in even the strongest expansions. Car sales and housing starts are running only slightly above the levels consistent with "normal" growth of Income and population; there is thus little risk of contraction in these sectors. So far, the negative impact of increases in interest rates has been more than offset by rising consumer confi-

employment growth; some 3.5m new jobs were created last year, quashing earlier talk of a "jobless recovery"

Strong economic upswlngs are typically hard to restrain. And this one is strong. Capital investment is growing faster than in any recent business cycle; corporate spending on equipment grew at an annual rate of 20.2 per cent in real terms in the fourth quarter and by 17.6 per cent during last year as a whole Consumer spending on durable goods grew by 18.4 per cent and 8.5 per cent respectively.

Rapid growth of imports, a ballooning current account deficit (which may hit \$180bn this year) and a persistently weak dollar sug-gest consumer and business mand is outstripping supply, as do conventional yardsticks of tightness in labour and product markets. The jobless rate fell from 6.7 per cent at the beginning of last year to 5.4 per cent in December, well below the 6 per cent rate generally deemed consistent with stable inflation. The rate of industrial capacity utilisation bas risen sharply to more than 35 per ceot, the high since 1979, and well above the 83 per cent level often regarded as a threshold for higher inflation.

These are rough rules of thumb. As Mr Greenspan ooted last week, capacity cellings are flexible - up to a point. So far, rapid increases in the prices of raw materials and components have not fed through

into consumer price inflation, which was under 3 per cent last year for the third year running. Wage growth also remains unusually subdued given the low jobless

Those who maintain that little further tightening of monetary pol-icy is needed are implicitly arguing that growth will subside of its own accord Just before the economy hits traditional capacity constraints. The feared upward spiral in prices and wages will thus never occur.

But the economy may not prove so oblightg. Mr Henry Kaofman, the bond market communitator, points out that short-term interest rates, at 5.5 per cent, are scarcely demanding by historical standards. Personal credit is readily available. Companies are awash with cash. Falling unempluyment is boosting consomer confidence. Keonomic growth in the rest of the world is accelerating. All this suggests that the Inflation ontlook could deteriorate rapldly unless firm action is taken to restrain US growth; that could mean a rise in short rates to 7.5 per cent or more this year.

Mr Kaofman says the Fed should raise shurt rates by at least threequarters of a point this week, if not a full percentage point. Mr Wayne Angell, chief economist at Bear, Stearns, the Wall Street firm, and a former Fed governor, agrees. He sees few signs of slower growth and does not expect to see any until monetary pulicy begins to bite. That point will be reached only when people are oncernain whether the next move will be op or down.

Given the lags in monetary policy, there is always a risk of tightening when growth has already begun to fade. But with a global opswing gathering speed and the US jobless rate already in the inflationary danger zone, the greater danger today is that the Fed will fail to raise rates quickly enough as it has in most previous cycles. The economy, in other words, is hot because the monetary thermostat is still set too high, not because the adjustment process is sluggish.

Stephen Fidler on the border clashes between Peru and Ecuador Neighbourly dispute

emocracies, it is said, do not go to war against one another. Peru and Ecuador, however. over their common horder, seem to he doing their best to refute the

hypothesis. Their dispute over a stretch of their common border, known as the Condor Cordillera, like the dozens of other border disputes all over Latin America, is a legacy of Spanish domination of the region. Uninterested in areas where they believed there was no mineral wealth, the Spaniards paid little attention to marking borders accurately, Ironically, the disputed zone is believed to be ricb in gold, uranium and oil

The fighting shows the extent to which the new-found willingness of Latin American governments to co-operate on trade and economic matters - they have agreed to negotiate a western bemisphere free trade zone by 2005 - has yet fully to overcome decades of mutual suspicion between neighbours.

An official Ecuadorean communique said Peru was guilty of "a renewed aggression in an expansionary conquest which begun as dence in 1830". Peru's foreign ministry in turn accused the Ecuado-reans of a "belligerent and aggressive" air attack on one of its guard posts in the Condor Cordil-

The last major conflict was in 1941, when Peru invaded Ecuador. A 10-day war ensued, ending with the signing of the so-called Rio de Janeiro Protocol, which clearly defines the horder between the two countries. It is the January 29 anniversary

of the aigning of this protocot that regularly revives Ecuadorean nationalist sentiments and sparks border tensions. Congresses of both Peru and

Ecuador ratified the treaty and four countries - the US, Brazil, Chile and Argentina - accepted the task of being its "guarantors". Mapping of the Ecuadorean-Peruvian border was completed in early 1947 by the US airforce. Boundary markers were established along some 1,600km of frontier, but 78km in the Condor Cordillera stretch remained

pute now centres

Ecuador has subsequently argued that it was obliged to sign the protocol under duress, saying it received no support from other Latin American nations because the US was obsessed with getting backing in the war against Japan. Since 1950 it has dubbed the protocol as "impossible to execute" and lays claim to an area of around 130 square miles in what, according to the Rio Protocol, is Peruvian territory.

Whatever the immediate cause of last week's fighting, observers in both countries see evidence that the clasbes are inspired by military establishments that face declining budgets. As in many other countries in the region, the armed forces of both countries are being deprived of resources as elected governments attempt to bring their budgets more under control.
In contrast to the general stereo-

type, most Latin American armed forces consume relatively moderate economic resources. According to the UN Development Programme.

accounted for 1.4 per cent of Gross Domestic Product in 1990-91, compared with 2.4 per cent in 1960. while Peru's accounted for 2.0 per cent against 2.1 per cent 30 years earlier.

Over the same period, Ecuador's military spending dropped to a quarter of that spent on health and education from 104 per cent in 1960. Peru's dropped to under 40 per cent from 59 per cent. But neither government has been

willing or able to undertake reforms to convert their armed forces into modern professional armles. For the senior officers, periodic sabre rattling at real or imagined enemies reinforces the case for a higher share of government revenues.

The gosslp in Lima's middle-class neighbourboods suggests that the Ecuadorean armed forces are firmly in the driving seat, propelling a reluctant but weakened President Duran Ballen into a more belliger ent position than he would like to

In Quito, some see the clashes as

a result of the Peruvian army trying to justify its role, now that the battle against the terrorist group Sendero Luminoso has been almost won. ing tactic by President Alberto Fujimori, who faces a presidential poll in April and has been seen on television wearing fatigues.

In any case argue the Ecuadoreans, Perit's arioy is more than double the strength of Ecuador's: it has four limes as many tanks. Its navy and airforce are substantially larger, both in terms of man and firepower. Why would their army start a war they would be bound to

Most observers of the conflict shill believe it can be sorted out relatively quickly as the January 29 anniversary passes. The Organisation of American States was to meet yesterday at Ecuador's request to

discuss the issue.
With both countries seeking an image of democracy and stability to encourage foreign investment, the belligerents could soon see it in their interests to begin talking.

Additional reporting by Sally Bowen in Lima, Roymond Calitt in Quito and Sarita Kendall in Bogato

OBSERVER

Pawnbroking consultants

"It feels like bome," said Garry Kasparov in London yesterday, launching The Kasparov Consultancy. The world chess champion is now offering his services to western businesses keen not to burn their fingers in the turbulent corporate world of the former Soviet Union.

Kasparov saw a lot of London in 1993, when he outclassed Britain'a Niget Short in a marathon chess tournament. Kasparov obviously likes Britons; his manager, busines partner, and chairman of the new consultancy is Andrew Page, as British as they come, as is Peter Smith, the consultancy's chief executive and former group managing director of the International Leisure group. Page yesterday hailed Smith as "probably the single greatest expert on Russian aviation in the world" Barring occupants of the CIA's Russia desk, no doubt.

Page met Kasparov in 1983, and set up The Muscovy Company in 1985, with Kasparov on board. One of their current projects is a planned series of TV dramatisations of KCB stories, employing a former KCB colonel as an adviser.

Kasparov says the venture "is not just about selling my name". Nor that much of his time; he reckons on still devoting about 75 per cent of his working days to chess.

Still, his name on the masthead no doubt belps open doors, not least to Boris Yeltsin, Russia's president. Now rather to the left of Yeltsin, Kasparov strongly backed Yeltsin both before and during the abortive August 1991 coup. You want to see Boris?

Doctor, doctor

If company doctors' reputations hang on the longevity of their patients, Kajo Neukirchen, Metallgeselischaft's chairman, will be taking more than a passing interest in the increasingly doddery state of Klöckner-Humboldt-Deutz Neukircheo was parachuted in to

KHD by Deutsche Bank to rescue the German engineering company in 1987, and stayed there four years before moving on, satisfied presumably that his charge was back on the right road. His next assignment was Hoesch, where his skills were not properly tested since it was swallowed fairly soon after by Krupp. A year ago, Deutsche turned to him again to sort out the Metallgesellschaft mess.

With a reputation for aiding the sickly parts of corporate Germany, it might get a touch embarrassing if KHD actually goes under.

Davos deportment

■ For sheer elegance, the one-liners of Shimon Peres, Israel's foreign

minister, take some beating. Expounding on politics and the Middle East at the Davos meeting of

the world's bigwigs, Peres made clear his dislike of sound bites and opinion polis: "Television has made dictatorship impossible, but democracy unbearable," be said. Meanwhile, opinion polls are "like perfume. Nice to smell but dangerous to swallow". Meanwhile, Davos seems to have

otherwise ambitious politicians. Michael Portillo, the UK minister of employment and scourge of the European Union, attending Davos for the first time, was one of the few participants not to provide a photograph of himself for the fat little book listing all those at the forum. Morever, when he was introduced at a press conference as "Sir Michael Portillo" he corrected the speaker, saying: "No. Merely

Kidnap capers ■ Marcello Alencar, less than a

month into the job of governor of Rio de Janeiro, obviously intends getting tough with the crime bosses who have been growing rich on a flurry of recent kidnappings. Six people have been kidnapped already since be took office compared with 58 in 1994 - and Alencar has asked the central

government to outlaw the payment

family members' assets as soon as a

of ransoms and the freezing of

kidnapping occurs. Italy tried a similar, and apparently successful, move in 1990.

Persuading central government to pass such a law will be difficult and will take time. The 14 people currently being held by kidnappers must be boping their families come up with the money soon, in case Alencar succeeds in getting the statute book altered.

Flying high

Good old Volker Rühe, the German defence minister. For a while be's been pushing to have German Tornados sent to former Yugoslavia to help the UN. But because there's still plenty of opposition to the idea of German airmen flying around Europe, Rühe has come up with another idea -and sent three Tornados to belp prevent rivers flooding western

Nobody quite knows why the Tornados are needed to photograph the flooding Rhine; but then practice makes perfect.

Little porkies

 Asian stockmarket players are wondering if the advent of the Chinese year of the plg will bring good news. Prize for most optimistic forecast of events goes to a headline in a Bangkok English language newspaper: "Year of the porker will

Financial Times

100 years ago

Railway meetings Mr Laing Ichairman of the London, Brighton and South Coast Railway | dwelt yesterday upon two critical points of Home Railway finance - the increase in rates and taxes and the relations of labour aud capital. which are complicated so far as the railways are concerned by the arbitrary interference of the Board of Trade. If you shorten the hours of

labour to the limits which possibly well-meaning but mistaken faddists insist on, you reduce the prospect of any increase in wages... And as the railway employee stands in an altogother exceptional position. so his case should be considered with reference to its special circumstances and not simply as a unit of labour in this great work-a-day world.

50 years ago

Plan for settlement Preparations are now being made for the settlement of personal and commercial dehts between persons and firms in Britain, Belgium, the Netherlands and Norway, in Britain, the money and assets will be collected in due course by the custodian of enemy property.



FINANCIAL TIMES

Tuesday January 31 1995



Franc faces bumpy ride to poll

François Mitterrand is no excep-

As the campaign gathers steam, the French franc faces bouts of anxiety.

A sharp fall at the end of last week pushed the currency to below FFr3.473 to the D-Mark, its lowest point for 14 months.

It stabilised yesterday in quiet trading, but economists predict further volatility before the elec-

tion in the spring.

The franc faces a bumpy ride as the campaign heats up," says Mr Jean-François Mercier, economist at Salomon Brothers, the US investment house.

He argues that market jitters have been exacerbated by a broader shift to the D-Mark following the ordeals of the lira and

the peseta.

The volatility and recent weakness of the franc reflect a series of concerns among international investors. They fear a bitter and divisive campaign as rivals try to narrow the gap on Mr Edouard Balladur, the prime minister and front runner in the polls.

They are also wary of the lingering threat of corruption scandals which forced three resignations from Mr Balladur's government last year.

Investors are also weighing a series of sensitive issues of government policy. These include the French stance towards fur-ther European integration and its

Deutsche

Telekom

Continued from Page 1

new legislation.

should be complete by this

The pressures on the minister

reflect concerns within the industry over the Bonn coali-

These would have to be accept-

able to both the Bundestag,

where the coalition has a major-

ity of only 10, and the opposi-

tion-dominated npper bouse

go on rising

barges were at a standstill yester-

day after the Netherlands and

Germany closed inland rivers to

shipping. No barge movements

were expected until at least Fri-day. In Belgium, no boats were

allowed to travel between the

affected large parts of Europe.

Europe today

cloud with a risk of showers. **Five-day forecast**

TODAY'S TEMPERATURES

Abu Dhebi Accra Algiers Amsterder

Athens Atlanta B. Aires B.ham Bengkol

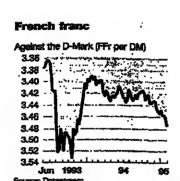
Moist and mild air will move east over the British Isles. Temperatures will be above 10C with plenty of rain, especially in Scotland and Ireland. A severe gale is expected for Ireland. Rain will reach the Low Countries and western France later in the day. Meanwhile, high pressure over central Europe will bring rather sunny conditions to Poland, the Alps and Italy with a slight risk of snow showers in the Alps. High pressure will dominate Spain and Portugal where abundant sunshine is expected. South-east Europe will have rain and Turkey will have a mixture of sun and

A lot of rain is expected in northern France. the British Isles, the Low Countries and Germany with continued risk of flooding. Spain and Portugal will stay settled with abundant sunshine, although on Wednesday a band of cloud will cross the area giving light rain in the north-west. High pressure will dominate the Balkans with sunny conditions from Hungary southwards to Bulgaria. Rain is expected in Greece and Turkey, but more settled conditions will prevail from Thursday.

Continued from Page 1

Ostend and Ghent.

Electoral contests epell International investors fear a divisive election the battle to succeed President Campaign in France writes John Didding campaign in France, writes John Ridding



commitment to cutting its budget deficit and to satisfying the convergence criteria for European monetary union. The common thread behind

these concerns is that what is bad for Mr Balladur is bad for the franc. "He is regarded as a safe pair of hands," says Ms Esther Baroudy, senior economist at Crédit Lyonnais in Paris.

The decision by Mr Jacques Delors, the former president of the European Commission, not to run as the Socialist party candidate has left Mr Balladur occupying the high ground of fiscal and monetary orthodoxy.

Over recent weeks he has sought to consolidate his image of one who is committed to bud-

ary virtue. He has declared that France will be in a position to satisfy the conditions for monetary union by 1997, including budget deficit cut to a maximum 3 per cent of gross domestic prod-

But Mr Jacques Chirac. a fellow Gaullist and Mr Balladur's principal rival in the polls has een more equivocal.

When he called for a referen dum on monetary union at the end of last year be shook the foreign exchange markets. In spite of a retraction, doubts remain about his convictions. Further to the right of the political spectrum, Mr Philippe de Villiers and Mr Jean-Marie le Pen, the head of the extreme right National Front, do not try to cooceal their hostility to the Maastricht project. Mr Balladur has left such

rivals trailing in his wake. But the size of his lead in opinion polls, which gives him a double digit cushion over all possible challengers in the second round run-off, has prompted fears of desperate attacks from his competitors.

"There is a risk of dirty tactics," says one currency economist, "People will be looking for skeletons in Mr Balladur's closet and claiming to find them even if they are not there."

On Friday, for example, traders hlamed a sharp fall in the franc on reports of an illegal slusb fund created to finance the Gaullist RPR party in the presidential

But if the reaction demonstrated the sensitivity of markets to political rumours, bowever speculative, most economists point to a series of factors which will huttress the currency and limit declines. The fundamentals of the French economy have rarely been stronger, with GDP forecast to grow by almost 3.5 per cent this year and inflation sti-fled at an annualised rate of 1.6 per cent.

The election will be the first to be fought with monetary policy under the control of an independent Bank of France, while the reform of the European exchange rete mechanism after the currency crisis of the summer of 1993 has reduced the risk of speculative attacks.

"It used to be a one-way bet because the French authorities would have to support the cur-rency at the old ERM floor," says an economist at Banque Indosuez. "That is oo longer the case. So it is a much riskier proposition for an assault, particularly since a Balladur victory is likely to mean appreciation of the currency after the election.

UK foreign minister 'not under threat over Europe'

By Robert Peston, John Kampfner and Kevin Brown

The UK prime minister's office tion's ability speedily to formn-late a regulatory framework and said yesterday that Mr Douglas Hurd's future as foreign secretary was "under no threat" and accused Conservative Eurosceptics of running a campaign to destabilise him.

After a day of widespread speculation that the cabinet's delicate where the rights of the individual Länder are zealously unity on Europe may be close to breaking, Mr Hurd said in a series of interviews that be guarded by an opposition remains committed to overseeing the government's strategy for next year's Intergovernmental Flood waters Conference on the future of the

> Mr Hurd said: "I look forward to going on tackling them [the many aspects of his work at the Foreign Office]".

> He also accused Eurosceptics of running a campaign against him.
> A senior Tory Eurosceptic said that there was "a widespread view that Douglas should go now". Mrs Teresa Gorman, one of nine Conservative rebel MPs stripped of the party whip at the end of last year, described Mr Hurd as "yesterday's man".

Insurance claims from the lat-However, a close aide of Mr est floods are likely to be sub-Hurd said the pressure only stantial. Insurance companies reinforced his determination to yesterday said preliminary indistay: "Douglas has made no decications snggested that losses sion at all about when he wants to go," the aide said.

Meanwhile, the nine Conservamight compare to those of December 1993 when floods

tive rebel MPs said the more

Caracas Carditt Casabler Chicago Cologne Dukar Dallas Delhi Dubai Dubnovi Erinbur



John Major: Douglas Hurd was "under no threat"

sceptical line being adopted by the cabinet on the EU did not yet meet all their concerns. They also ridiculed the assertion by Lord Howe, former foreign secretary, that the prime minister's more sceptical EU policy was

pandering to them. The mood music is fine," said Mr Tony Marlow, one of the reb-"But music can be turned up or down at will."

Another rebel, Mr John Wilkinson, added: "We must nail them down to at least some specific points. We need hard, concrete, bankable guarantees. Mr Malcolm Rifkind, the

defance secretary, yesterday

FT WEATHER GUIDE

by the cabinet last week when he said there was no possibility of the UK surrendering its sovereignty over defence policy.

The basis of future security structures will . . . be that action in the defence field should be intergovernmental, based on co-operation between national states, and not dictated by supranational bodies."

In a keynote speech setting out Labour's approach to the inter-governmental conference. Mr Robin Cook, shaoow foreign sec-retary, ridiculed the caoinet's agreement to veto constitutional change as a desperate move to Conservative unit

But Mr Cook ruled out a common EU foreign and security policy, and warned that Labour would not accept the Maastricht criteria for economic and monetary union.
"Europe must be a community

of free member states. Labour rejects the concept of a European super state. The EU must be based on a sharing of national interests, and not on the surrender of national identity." he said. The tone of Mr Cook's com-

ments reflects concern among Labour strategists that Mr John Major will seek to fight the next general election on a nationalist platform, portraying Labour as the party of European federalism.

Editorial Comment, Page 19

THE LEX COLUMN

Deutsche stumbles again

Deutsche Bank has found itself embroiled in at least three embarrassing corporate debacles in as many years. Two years ago it was Metall-gesellschaft, last year it was Schneider and now it is Kloeckner-Humboldt-Deutz. Its massive balance sheet can survive such shocks with relative ease, but its reputation has taken an undoubted knock.

The near collapse of KHD is in part another example of the weaknesses of German style corporate governance. Deutsche Bank is KHD's higgest share-holder and biggest lender. The chair-man of KHD's supervisory board has traditionally been a member of Deutsche's management board. Yet such closeness has not exactly helped the company prosper. Indeed, the security afforded by Deutsche's large shareholding has arguably contributed to the problem, by shielding KHD's man-agement from the need to generate adequate returns for minority shareholders. What restructuring there has been over the past five years has clearly not been effective, and in the meantime management has been allowed make a commercial gamble by investing DM600m in a new diesel

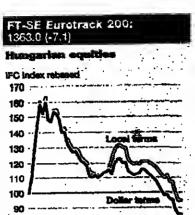
engine factory.

The KHD affair will increase the pressure on banks to scale back their engagement in German industry. The pressure comes chiefly from politicians but the banks themselves should now recognise that it will be in their own commercial interest over time to cut their direct equity participation in

Hungary

Will Hungary go the way of Mexico? That is the danger according to Mr Laszlo Bekesi, Hungary's reforming finance minister who resigned at the weekend following a power struggle with the country's former communist prime minister. Superficially, the comparisons are stark: Hungary's foreign debt of \$28bn is the bighest per capita in central and eastern Europe. But If Mr Bekesi is warning of an imminent financial crisis, the danger is overstated. Unlike Mexico, which relied beavily on short-term "tesobonos". only a small proportion of Hungary's debt is payable within the next year. The country's \$7bn hard currency reserves - equivalent to more than five months of imports - mean that it can weather short-term difficulties.

Still, Hungary could face a crisis in the longer run if the government's grip on an already difficult economic



situation slips. Mr Bekesi was trying to tighten fiscal policy to shrink Hungary's current account deficit, which stood at \$4m or 10 per cent of GDP last year. He was also pressing for swift privatisation of utilities in order to raise cash to plug the deficit. The risk is that Mr Gyula Horn, the prime minister, will now adopt the populist course of avoiding budget cuts and delaying privatisation. Moreover, if foreign investors become scared, direct investment could dry up and the central bank could find it hard to replenish its reserves by issuing bonds. Hungary's reserves may now cushion it from crisis, but they could easily be depleted.

Kingfisher

Successful retail regeneration tends to involve a fair degree of corporate shrinkage: witness Next and Storehouse, both of which are now thriving after breaking themselves up and returning to basics. Up to a point, Kingfisher could do with the same

The group has become an unfo-cussed retail conglomerate. There was a time when the sheer variety of busi-nesses was in itself no handican; the central management team could claim legitimately that it had skills which could add value to retail businesse whatever the sector. However, that is no longer the case. Sir Geoffrey Mulcahy, the group's newly demoted chief executive, should thus be prepared to sell off parts of the empire which he created if that is an effective way of creating value for shareholders. There is one obvious candidate for disposal; Comet, which is struggling in a

flercaly competitive market and yat could find a huyer among regional electricity companies, keen to expand

electricity companies, aren to expand in electrical retailing.

Thereafter, though, it is not so easy to identify what should be sold and what kept. With gearing of some 40 per cent, Kinglisher is not under severe financial pressure and is under no obligation to make fire-sales. Moreover, there is no point in seiling off the stronger businesses, such as Barty or B&Q, simply to be left with the weaker Woolworths at the core. There will thus be no quick fix at Kingfisher. painstaking labour to rebuild Woolworths as a retailer will be as important a part of the group's revitalisation as disposais.

Northern Electric

Statistical horsetrading over Traial-gar House's £1.2bn offer for Nerthern Electric has become somewhat of a sideshow. Only Mr Michael Heseltine, trade and industry secretary, can spark life back into this bid, and his decision on possible referral to the Monopolies and Mergers Commission will not emerge until next week at the earliest. In the meantime, Trafalgur's latest circular probably says more about the bidder itself. Trafalgar plans to revalue its target in line with Northern's latest current cost accounting, adding £340m to its assets. This would substantially cut Trafalgar's reported gearing after a deal to 51 per cent. But the downside would be depreciation of a larger asset base. This would knock over £10m off annual profits, reducing the boost to Trafelgar's reported samings per share from the well publicised tax ben-edits from a deal.

The fact that Northern's share price is 8 per cent below Trafalgar's cash offer reflects the expectation that such sums may be irrelevant, due to an anticipated MMC referral. Much of this revolves around concerns in Newcastle about control moving to a south of England company with Home Kong connections. The irony is that if .Trafalgar's operations had a much stronger French, German or Italian blas, its offer would be examined in Brussels. Since the European Commis sion's focus is narrowly on competition issues, there would be no chance of the deal being hindered by UK "public interest" concerns. So much for the level playing field.

> Additional Lex Comment on UK companies pages

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing. And nothing is all they'll ever have

unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome. it may not seem much. But to a

refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible: for more than 19 million refugees around the world. **UNHCR Public Informatic** P.O. Box 2500

Lufthansa

20 28 12 16 5 4 24 19 23 23 13 13 Frankfurt Geneve Gibreiter Gibreiter Gibreiter Haisinki Hong Kon Honolulu Istanbul Jeicerta Jersey Karachi Kuwait L. Angeles Las Palms Lima Usbon London Londourg anow thund sun cloudy fair Montreal Moscow Munich Nairobi Naples Nassau New York Nice Nicosia Osio Paris The airline for people who fly to work.



FINANCIAL TIMES

COMPANIES & MARKETS

Tuesday January 31 1995 **OTHE FINANCIAL TIMES LIMITED 1995**



IN BRIEF

US Steel returns to black for year

US Steel, America's biggest integrated steelmaker, reported net earnings of \$50m in the fourth quarter to the end of December, compared with \$37m before one-off gains the year before. Page 23

Strong growth for Hughes and EDS GM Hughes Electronics and EDS, two wholly owned subsidiaries of General Motors, reported strong growth in full-year earnings of 17 per cent and 14 per cent respectively. Page 26

Usinor Sacilor presses for privatisation Usinor Sacilor, the French state-owned steel group, is pressing its case for privatisation, claiming that the government should capitalise on the upturn in the industry to implement a sale. Page 20

Schneider confident of strong growth Schneider, the French electrical engineering group, expects a significant increase in profits this year, according to Mr Didier Pinean-Valencienne, chairman. Page 20

Mail order investment in eastern Germany Quelle, Europe's largest mail order group, has its sights trained on eastern Germany with a DMIbn (\$600m) investment in e Leipzig warehousing project due to come on stream this month. Page 24

Proton drives beyond Malaysian borders Proton, the Malaysian carmaker, has just launched e joint venture to build a Proton manufacturing facility near Manila - its first such plant outside

Dalei to post Y25bn loss after Kobe quake Dalei, Japan's largest retailer, said it would post a net loss of Y25bn (\$252m) in the current financial year to February. largely as a result of the earthquake that devastated the Kobe region two weeks ago, Page 23

One lump or two . . . Over the next few months European agriculture ministers try to reach agreement on future levels of the EU sugar quota. Page 27

Canging up on the greens Leading north American publishers plan to join forces with the forest products industry to blunt environmental protests against forestry practices in the US and Canada. Page 27

Emerging market offers delayed Planned equity issues for a Pakistani cement project and a Philippine shipping company have been postponed amid continuing nervousness overhanging the emerging markets, Page 28

Trafalgar attacks Northern's costs Trafalgar House has attempted to cast doubt on the independent fature of Northern Electric, target of its hostile £1.2bn (\$1.9bn) bid, by attacking the quality of the utility's rapidly growing non-core businesses. Page 25

Filtronic trebles interim profits

Shares in Filtronic Comtek, the manufacturer of components for the cellular mobile telecommunicabled interim profits. Page 25

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Chief price changes yesterday

17.05 -27.7 -40.5 -

stake values PPL at more than PPL, formerly called Pharmaceutical Proteins, alters the genes in mice, sheep and cows so that complex molecules to be used in medicine are produced in the ani-

double its stake. Novo and PPL are working on four proteins including protein C, a potential blood clot buster, and fibrinogen, used in wound healing.
Novo is the latest big pharma-

ceutical company to pay large sums to PPL. Three years ago, Germany's Bayer agreed to pay more than £10m (\$15.6m) for the rights to a chemical, alpha-1-antitrypsin (AAT), produced by a

sheep called Tracy.

Tracy has now retired. In her place is a flock of 60 genetically engineered sheep whose milk contains on average 1.5 per cent AAT. That would make one litre of sheep's milk worth up to \$1,500. About one in 2,000 people has an AAT deliciency and heightening the probability of lung disease.

PPL's AAT is likely to enter clinical trials next year. PPL also has contracts with Wyeth, part of American Home Products, and a US biotechnology company called Zymogenetics.

Mr Roo James, managing direc-tor, would bave liked to float the company on the stock exchange "But conditions aren't right for flotation, especially for a sciencebased company like us," he says. He added that hanks had been unwilling to lend cash.

Instead, the company, now with 65 employees, is seeking to raise between 25m and 210m pri-PPL is 90 per cent owned by

nine venture capital organisations, four in the UK and others in the US. France and Japan. Novo is the 10th corporate investor with the balance of shares held by the company.

PPL differs from many biotechnology companies in that it makes rather than develops new

Promus bets on Harrah's casino demerger

By Maggie Umy in New York

Promus, the US gaming and hotels group which owns Harrah's casinos, is to divide itself into two, in the hope that each business will gain "the recognition it deserves, and thus expand its individual growth prospects".

The demerger takes the opposite tack to last month's consolidation in the industry when ITT, which owns the Sheraton hotel chain, paid \$1.7bn for the

Caesars World gaming business. It also comes against a background of

expansion for the casino industry in North America. Tight restrictions on gaming in the US have in the past limited expansion. But these are now being loosened, for instance after legal rulings and referendums last November which legalised campling in the past investigations. legalised gambling in new jurisdictions.

Gaming shares have not been strong

performers, however, as investors fear that the cost of expansion will be heavy and that there may be insufficient gam-blers to fill new casinos. Promus recently had to pay a high interest rate of 14.25 per cent on bonds issued to

internal competition for time, resources or capital". The shares jumped \$2 to \$33% after the amouncement.

The move will result in two quoted companies, with Promus retaining the gaming activity and changing its name to Harrah's Entertainments. Its shareholders will receive one free share in the Hotels, for every two Promus shares they hold. The deal is expected to be completed by the middle of this year. Promus was itself formed as the result of a spin-off from Holiday Corp in 1990, when its former parent sold its Holiday

Inn chain to Bass, the UK brewer, in a \$2hn-plus deal. Since then the casino ss has dominated the group. Pro forma figures show the new casino company would have earned net income of \$99m in 1994, had the demerger been in effect at the start of the year, while the

The gaming side runs 15 Harrah's casinos in eight states. The hotel operation has 560 properties, mostly franchised, under the Embassy Suites, Hampton Inn and Homewood Suites names.

Mr Michael Rose, chairman of Promus who will be chairman of each of the new entities, said each needed "the full atten-tion of a dedicated corporate management team". He said the hotel chain was now of a size to stand alone, while the casino business was demanding increasing capital and managerial investment.

UK drugs rivals try to seize the initiative in bid

By Daniel Green and David Blackwell in London

Glavo Holdings and Wellcome are to publish their profits figures ahead of schedule in an attempt to gain the initiative in their propaganda war.

Glaxo, which has mounted a \$14bn-plus hostile bid for Wall-coma, is set to announce its interim results next week, up to 10 days ahead of a scheduled February 16 date. It would simultaneously publish its offer document. This would effectively start. e three-week countdown for Wellcome to find a friendlier rival hidder because Wellcome Trust, the charitable foundation which owns 39.5 per cent of Wellcome, is to enter into an irrevocable commitment to sell its stake to Glazo, provided no better offer is made with 21 days of the document being posted.

Wellcome may publish its results as early as this week. It has not announced a date and, officially, it is still planning to reveal its profits for 1994 on March 1. The results could be difficult to interpret, in part because the company is moving from an August year-end to a cal-endar year. It plans to publish 12-month and 16-month figures. On top of that, the figures Warner Wellcome, the joint venture with Warner Lambert of the US established last year.

Mr Peter Laing, pharmaceuti-cals analyst in London for Salomon Brothers, said Tm forecasting pre-tax profits of £700m (\$1.1bn), but comparisons with Wellcome's previous numbers will be confusing. Gauging undarlying growth will be tricky." Glaxo'e pre-tax profits for the half year to December 31 should be £1.08hm, according to analyst at Lehman Brothers, also independent in the bid.

Mr Laing said both sets of results could contain bad news. Glaxo will confirm that sales of its top-selling drug Zantac, an ulcer treatment, fell for the first time since its launch in 1981, Wellcome could reveal that

sales growth of its best seller, Zovirax, e herpes virus treat-ment, had slowed. The two companies are also set

to clash at an Aids conference in Washington tomorrow when the results of trials on a drug called 3TC will be published. Glaxo owns 3TC but has no other Aids products. Last year it said it planned for Wellcome to license 3TC to be used alongside Well-come's established Aids treatment AZT, or Retrovir. As clinical trials progressed, it appeared that 3TC was performing above expectations. Glaxo decided not to proceed with licensing.

Meanwhile, figures emanating from the Wellcome camp at the kend wrongly suggested that the Glazo offer was less generous than other recent bids in the sector in terms of a multiple of revenues. The figures, reported in yesterday's Financial Times, actually gave the multiple against book value. They are now said to have been wrongly derived from an independent US analyst. The multiple against revenues was incorrectly said to be more than six times for last year's \$10bn acquisition of American Cyanamid by American Home Products, and more than four times for Roche's \$5.3bn acquisition of Syntex. The correct figures are 2.2 and 2.8 times

respectively.

The multiple in Glaxo's bld, based on Wellcome's sales to the end of June 1994, and adjusting for cash in the balance sheet, is

Richard Waters reports on the performance of Fidelity mutual funds Departures swing

idelity Investments, the Boston-based giant of the US mutual funds business, is discovering that size can also have its drawbacks.

A privately owned firm whose publicity shy chairman, Mr Ned Johnson, inherited the business from his father. Fidality has unparalleled market clout. By the end of last year, it had \$275hn in its mutual funds; total assets topped \$400bn.

Even in the fast-growth world of US mutual finds, those num-bers are remarkable. In the 10 years to the end of 1994, the assets of all US funds climbed six-fold to nearly \$2,200bm: Fidelity's own assets grew by a factor of 17.

Yet over that decade. Fidelity has rarely received the sort of attention that its size justifies. Any attention has focused on the group's investment performance, particularly that of its flagship Magellan fund, which with \$35hm of assets is the US's biggest mutual fund.

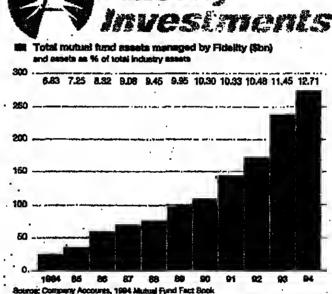
Such market power could not exist in relative obscurity for long, Events in recent months have turned the spotlight on to the mutual fund business in general, and Fidelity in particular,

"Whatever wa do commanda much more attention," says Mr Roger Servison, head of the funds group's retail busines

When Magellan said late last year that it was not planning to pay e year-end dividend - despite earlier indications that it would stock markets wobbled. Was Magellan short of cash, a sign perhaps that US mutual fund investors were liquidating their

Fidelity blamed the episode on a simple error: an accountant had left out the minus sign when transcribing a capital loss of \$1.3bn, turning it into a capital gain. That echoed an episode from last summer, when Fidelity admitted that it had submitted the wrong closing prices for publication on a large number of its funds. An administrative error had meant that up-to-date prices were not available, and a clerk had "panicked" and submitted old figures, the company said.

the spotlight on to the quiet giant A bigger slice of a growing market THUSING



fortable questions for the US mutual fund industry. Have internal controls failed to keep pace with growth - and has the industry become too big for out-The Securities and Exchange Commission, facing constant budget constraints, has little more than 300 people to regulate mutual funds - compared with more than 3,000 bank examiners

Such episodes hint at uncom-

in the US. A year ago, the mutual fund industry was caught off-guard by an investigation into investments made by fund managers for their own accounts. Most fund groups had failed to develop internal guidelines for such trading. The industry banded together and developed consistent rules for personal dealings by fund managers - but not before earlier lax policies had been exposed. The latest round of publicity to

hit Fidelity has reached closer to investment performance. Last week, the group lost the head of its fixed income division. Mr Thomas Steffanci, and one of its most highly-regarded fund managers, Mr Robert Citrone, from the emerging markets funds.

According to Fidelity, the departures were coincidental, and were not prompted by the investment record of the firm's bond funds. But the group's fixed income division performed poorly last year. "They got the direction of interest rates wrong, and they

got Mexico and other Latin American markets wrong," says Mr Michael Lipper, heed of Lip-per Analytical Services, which tracks mutual fund performance. The waakness on the fixed income side comes after a lack-lustre year in Magellan fund's performance. Last year, in a flat market for US stocks, Magellan

underperformed the market by 2 percentage points.
One year of unspectacular performance will not dent Fidelity's reputation. And, says Mr Servi-son, good investment performance, while important in winning new customers, is not the

main factor in keeping them. Future growth, at least in the US, will not be so easy. New cash flowing into funds has added around 15 per cent a year to assets this decade, estimates Mr Servison; in future, due to the high level of market penetration already achieved, that will slow

to around 6 per cent.
Instead, Fidelity is pinning its hopes for growth elsewhere: on the broking and capital markets business, and on growth outside

Last year's record profits - the company will not disclose the figures for several more weeks stemmed in large part from the activity of its discount broking business, which accounts for around 4 per cent of all retail share trading in the US.

That business could become the foundation on which Fidelity grows a stronger international operation, Mr Gordon Watson, president of Fidelity's brokerage business, talks of creating "seamless and efficient access" to all institutional investors.

Such high-flown ambitions seem to echo the sort of grand and ultimately unsuccessful plans laid by many banks and broking firms in the early 1980s. The difference now, according to Fidelity, is that technology has made the vision possible.

Says Mr Watson: "Europe in particular, and ultimately Asia, represent growth opportunities over a decede or so that are potentially aqual to or greater than those in this country."

Argentaria gains option to take 10% Telefónica stake

By Tom Burns in Madrid

Argentaria, tha partially privatised Spanish banking group, has gained an option to buy up to 10 per cent of the cellular telephone business of Telefónica, the government-con-trollad 'telacommunications

Argentaria views yesterday's ment as the first step in its involvement in Telefónica as the telecoms group undargues a major internal reorganisation to meet the private sector challenge created by domestic deregulation Mr Francisco Luzón, Argentar-

ia's chairman, said: "I have let efonica know that as well as investing in its cellular business we are ready to become a core shareholder in the parent com-pany." Analysts believe tha banking group could be prepar-

By Daniel Green in London

Danish drugs company Novo Nordisk has invested \$5m in the UK's leading breeder of geneti-

cally engineered animals, PPL

Therapentics. The 8 per cent

mals' milk. Novo Nordisk has the

right to invest another \$5m to

ing to purchase part of the 32 per cent Telefonica stake that is owned by the Patrimonio del Estado, the Finance ministry's icals conglomerate. Endese and Repsol, respec-

industrial holding company. Telefónica's cellular business, one of eight divisions that is being created by the reorganisa-tion, is to compete with a net-work to be operated by AirTouch of tha US and which will be backed by Banco Santander and Banco Central Hispano, two of Argentaria's main rivals.

No financial details were released about Argentaria's agreement in part because the valuation of Telefónica's mobile telaphone division, by the US investment bank Merrill Lynch, has still to be completed.

The alliance between the two government-backed institutions expected to foreshadow similar arrangements between

Novo buys \$5m genetics stake

electricity generator Endesa and Repsol, the petrol, gas and chem-

tively 65 per cent and 45 per cent government-owned, are candidates for further share sales this year but the depressed state of tha market is likely to delay a repeat of their past global offer-ings and prompt e move by the government to place a proportion of their equity among institutions like Argentaria which come under the state's umbrella. Mr Luzón said the acquisition of significant equity in selected companies was justified by Argentaria's strategy to invest in the telecommunications and the distribution sectors.

He added that any government disposal of Argentaria equity before the summer would be

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INTERNATIONAL COMPANIES AND FINANCE

Usinor Sacilor presses its case for privatisation

By John Ridding in Paris

Usinor Sacilor, the French state-owned steel group, is pressing its case for privatisa-tion, claiming that the govern-ment should capitalise on the upturn in the industry to implement a sale.

We are in a cyclical sector. Financial circles are therefore saying to the state that if you want to privatise in the best conditions possible, don't wait for the results of Usinor Sacilor to be even better," said Mr Francis Mer, chairman, in an interview at the weekend.

He estimated that the group would be worth more than FF720bn (\$3.8hn), but stressed that the valuation of the conpany was a matter for the pri-vatisation commission, an

independent body which advises the government on the sale of public sector assets. A company official stressed

yesterday that decisions concerning the timing of privatisation were up to the company's state shareholder. Usinor Sacilor is one of 21

companies slated for sale or already sold by the centre-right government of prime minister Mr Edouard Balladur, its credentials as a privatisation candidate have been strengthened a return to profit in the first half of last year, when the company reported a net result of FFr471m. Steel industry analysts expect a further increase in the second six months.

industry observers rule out any privatisation or flotation of Usinor Sacilor's shares

were 15 brokers at the time the

contracts were launched in

May 1994, of which six have withdrawn. These Include

BZW, PaineWebber and Indo-

The resignations come at a

time when the volume of

options traded has been rela-

A total of 300,000 options

were traded between the two

sets of currencles last year,

which Matif said allowed it to

tively low

gain market share.

before this spring's presiden tial polls. They add that the steel group must await a num-ber of other privatisation issues. These include Seita, the tohacco group; Bull, the com-puter manufacturer; and, possibly. Renault, the motor group which was floated last year.

The sale of the steel group would also be a complex opera-tion. It has debts of about FFr:10hn and comprises several troubled activities, notably its long products husiness. As a result, industry analysts have suggested that privatisation would coincide with a capital increase or that the company could be sold in parcels. How-ever, Mr Mer has denied that the flotation of Ugine, its stainless steel division, serves as a model for future operations.

Currency brokers quit Matif However, last year there The organisation refused to

provide explanations for the

resignations of the brokers

aud called the first few months of the contracts

"encouraging" at a time when

volatility was low in the mar-

It said in an official state-

meut "certain developments

are under study with a view to

promoting proper development of these products in concert

with our associated brokers'

activity," but refused to elabo-

kets concerned.

By Andrew Jack in Paris

Matif. the French financial futures exchange, yesterday suffered a blow with the announcement that six of the broker firms which joined its new currency ontions markets last year had withdrawn.

The exchange listed 10 brokers which had agreed to trade in dollar-frauc and dollar-D-Mark options contracts for 1995, including one firm joining for the first time.

Great-West

net by 23%

Life increases

in 1993, writes Robert Gihhens

Total revenues were

C\$6.07bn. up 15 per cent. The lower Canadian dollar

helped, but life insurance busi-

ness was up 30 per cent, health

25 per cent and aunuities

in Montreal,

ahead 38 per cent.

Sharp rise in turnover at Hochtief after takeover

Hochtief, Germany's second biggest construction company. Great-West Life, the North reported a strong rise in turn-American life iusurer con-trolled by Montreal's Power over following its takeover last year of Ballast Nedam, the Fioancial, Increased 1994 net Dutch construction company, profit to C\$187.4m (US\$132m) writes Michael Lindemann in or C\$2,35 a share, up 23 per cent from C\$152.1m. or C\$1.93. Turnover in 1994 rose 31 per

cent to DM10.5bn (S6.9bn), up from DMSbn the year before. New orders rose 12.6 per cent to DM11,6bn while orders on hand increased 12.4 per cent to DM10.4bn. The company's profits will be published with the full results in May. Hochlief has a 20 per cent

stake in Holzmann, Germany's biggest construction group, and is seeking to raise its stake to 30 per cent giving it a minority blocking stake. Hoizmann has vowed to fend

off Hochtief's advances, maintaining that co-operation between the two would lead to too much concentration in the German construction market. The federal cartel office sided with Holzmann but Hochtief last week said it would take the issue to court, saying the cartel office's exam-

inatioo of the market was

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Schneider confident of strong growth

By Jahn Ridding

Schnelder, the French electricat engineering group, expects a significant increase in profits this year, according to Mr Didler Pinean-Valencienne, chairman.

He struck an npbeat note aboot the company's prospects, in an interview with Les Echos, the French financial daily. His optimism was based on strong demand from Indus-trialising economies and a recovery in investment in developed markets. He said the group should be able to double last year's net profits by 1997-98.

Company nfficials declined to indicate the level of 1994 profits. But Schneider has previously indicated that its net result would rise by more than the 58 per cent increase, to FFr345m (\$65.8m), achieved in the first half of the year. In 1993, Schneider reported net profits of FFr405m.

The Schnelder chief rejected the possibility that he might stand down as a result of his involvement in a Belgian corrupting investigation. Last year, a magistrate investigating alleged discrimination against minority shareholders in two of the group's Belgian subsidiaries issued an international arrest warrant for Mr Plneau-Valenciennes, As a result, the Schneider chalrman, who firmly rejects any wrongdoing, has been unable

to leave France. According to Mr Pinean Valencienne, there is nn need for reorganisation of the company's management, nor to designate a successor. Difficulties in running the group had been overcome through the use of video-conferencing and the decentralised nature of Schneider's management.

Nr Pineau-Valenclenne said he hoped an independent audit of the two Belgian subsidiaries would elucidate the case, According to Schneider, the andit clears the chalrman of wrongdoing. But it raises questions about the removal of funds of FFr39bn from the subsidiaries on the orders of Mr Jean Verdoot, the late chairman of the subsidiaries.

Nomura mounts siege on funds

Action draws admiration and anger from local Slovakian investors

Tomura International's attempt to break up Slovakia's biggest investment privatisation fund and use some of its assets to create a new fund aimed at foreign investors has drawn equal measures of admiration and anger from local

investors. The Japanese investment house secured approval on January 23 from sharebolders of VUB Kupon, the Bratislava fund of which it owns 3t.4 per cent, to allow it to exchange its shares in the fund for pro-rata stakes in the shareholdings in the fund's portfolio.

Nomura is seeking to do what many Czech and Slovak investment fund managers would like to do if they bad the capital - to realise the buge profit to be made by closing the gap between a fund's net asset value and the market price of its shares. If it is successful, Nomura stands to make tens of millions of dollars in profit.

"Every time there is a discount we all run around saying bow wonderful it would be to realise the profit," said Mr Zde nek Bakala, chairman of Patria Finance, a Prague investment bank. "Nomura is the first to do it. They were the first to put their own capital into

Nomura bought into VUB Kupon, which owns a portfolio worth about \$400m, last September, paying \$68m for the stake, which it acquired from Vseobecna Uverova Banka (VUB), Slovakia's dominant commercial bank. Nomura is

also believed to have bought 20 per cent of VUB Invest, which manages the portfolio, but neither company would confirm

It is understood that when the investment was made, the agreement included an exit provision for Nomura, similar to the one it secured at

ance companies and industrial groups, have so far not attempted to break up funds to realise profits.

This may change if Nomura succeeds with its proposal. though local owners are hampered by a lack of capitat and depressed stock markets. The

Vincent Boland in Prague examines the Japanese group's bid to break up Slovakia's biggest investment fund

the recent extraordinary meeting of sbarebolders in Brati-

funds were created to exploit opportunities affered by the privatisation introduced in forojer Czechoslovakia in 1991.

The funds invested the coupons on behalf of private individuals, and smart managers used the opportunity to get hig stakes in key companies at lit-

ince the collapse of the Czech and Slovak stock markets last year the funds, whose shares are often more heavily traded than those of the companies they own, have seen a big gap emerge between their market value and their net asset value. The gap is generally about 40 per cent, but in some cases can be up to 80 per cent, depending on the perceived quality of the fund managers.

But the big shareholders in

Investment privatisation innovative coupon method of

the funds, including leading

will is there, however, espe-clally if foreign investors attempt to cash in, fund man-

agers say.
"You are going to see many more deals of this type," said Mr Nigel Williams, chairman of Creditanstalt Investment Company, a Prague investment

Nomura's proposal has met with fierce opposition from VUB Bank, which owns less than to per cent of the fund, but it failed to muster share-holder support for its attempt to block the move. Even VUR Invest appears to have been caught on the hop, and is understood to be deeply unhappy about the break-up of

However, Mr Ladislav Vaskovic, general director of VUB Invest, said the investment manager will not take legal action to block the proposal. Some of VUB Kupon's 360,000 small shareholders may chal-

lenge it in the Slovak courts. More than 1,000 of them, mainly elderly people who depend on dividends from their investment to boost paltry pen-sions, attended last week's

meeting.
"Some shareholders want to get the same [treatment] as Nomura, to get the nel asset value," said Mr Richard Schultz, managing director of Schultz & Ostrovsky, a Brati-slava hrokerage. He said the proposal "is not good for other VUB Rupon shareholders" because it reduces the assets of the company they own by almost a third without offering them any compensation.

Nomura said it does not expect a legal challenge. If its proposal succeeds. Nomura will own a portfolio of shares worth at least \$100m. 75 per cent of which is invested in Czech shares.

everal of these stakes. including those in Rade-gast, a leading brewer, Tabak, the Philip Morris-controlled cigarette company, and Skoda, the engineering group, are big enough to be attractive to strategic investors at premium prices and are difficult to pick up in the market, where lack of liquidity hampers trading.

The Prague stock exchange is set to double in size in March when sbares from the second wave of mass privatisation begin public trading.

The prospect of an assault on some of the 340 investment funds that are the main players in the market should add some extra spice to activity. Brokers hope it will be the fillip the market needs to end a

Portuguese Marconi suspended

By Peter Wise in Lisbon

Shares in Companhia Portuguesa de Rádio Marconi, Portugal's Intercontinental telecommunications operator, were suspended before trading opened yesterday as reports emerged of its valuation prior to a merger with state-owned Portugal Telecom (PT).

Three bank syndicates were reported to have independently valued Marconi, which is 51 per cent-state owned, at between Es98bn and Es115bn

(\$626m-\$735m). This would place a minimum value of Es6.282 a share on Marconi almost 40 per cent higher Fri-

day's closing price of Es4,502. Marcont is to be merged with PT before a global offer of an expected 25 per cent of PT, planned for May. Officials have said Marconi's private shareholders would be invited to exchange their holdings for shares in PT.

Portugal's Securities and Exchange Commission yester-day sought official clarification

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of the reported valuations. These gave PT a total value of between Es520bn and Es850hn, including the state's holding in Marconi.

Communicações Nacionais, the state holding company for telecommunications, said the reported valuations corresponded to draft values that were still under negotiation. Marconi shares were expec-

ted to be readmitted to trading today. The company said it expected a 1994 net profit of plan to Es6bn, up from Es4.1bn in 1994. dancies.

Strikes take toll on Seat

Seat, Volkswagen's Spanish subsidiary, has lost about Pta2.5bn (\$19.01m) as a result of a series of strikes which have disrupted Its Martorell plant near Barcelona this month, Reuter reports from Madrid.

Production ground to a balt for three days because of a parts shortage after strikes earlier this month in protest at the company's plan to make further redun-

Dong-A Pharmaceutical Co., Ltd.

(the "Company")
(Incorporated in the Republic of Korea with limited liability) U.S. \$25,000,000 31/3 per cent. Convertible Bonds due 2006 (the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Company has declared a dividend of 156,464 shares to holders of its ommon shares registered on the shareholder, list is of list December, 1994. Under mandatory provisions of Korean law, the proposed dividend will be submitted for approval to a general meeting of shareholders to be held in the near future.

A further Notice will be given to the holders of the Bonds of any adjustment to the Conversion Price in relation to the Bonds as a result of

CITICORP •

U.S.\$350,000,000

Subordinated Floating Rate Notes Due November 27, 2005
Notice is hereby given that the Rote of Interest has been fixed at
6.1% in respect of the Original Notes and 6.1875% in respect of the
Enhancement Notes, and that the interest payable on the relevant
Interest Payment Date February 28, 1995 against Coupon No. 111 in
respect of US\$10,000 nominal of the Notes will be US\$47.44 in respect of
the Original Notes and US\$48.13 in respect of the Enhancement Notes.

U.S.\$500,000,000

Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at
5.1% and that the interest poyable on the relevant Interest
ayment Date February 28, 1995 against Coucon No. 112 in respect
of US\$10,000 nominal of the Notes will be US\$47.44.

U.S.\$500,000,000

Subordinated Floating flate Notes Due January:10, 1998
Notice is hereby given that the Rate of Interest has been fixed of 6.075% and that the interest poyoble an the relevant Interest Payment Date February 28, 1995 against Coupan No. 109 in respect of US\$10,000 naminal of the Notes will be US\$47.25.

January 31, 1995, Landon By: Gitbank, N.A. (Issuer Services), Agent Bank CITIBANCO

Petroleum Argus

31st familiary, 1995

Dong-A Pharmaceutical Cn., Ltd.

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Notice to Bondholders THE BELL GROUP LTD (In Liquidation) The Bell Group Ltd

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11% Guaranteed Convertible Subordinated Bonds due 1995 10% Guaranteed Convertible Subordinated Bonds due 1997 5% Guaranteed Convertible Subordinated Bonds due 1997

Bell Group Finance Pty Ltd 10% Guaranteed Convertible Subordinated Bonda due 1997

Notice is given that a meeting of the creditors of The Bell Group Ltd (In Liquidation) will be held at the offices of Price Waterhouse, 8th Proor, 256 St George's Terrace, Perth on Monday the 6th day of February 1995 et 11.00 am. Holders of the bonds issued by the company and certain subsidiaries as noted obove are invited to attend. A copy of the full notice of the meeting and any further information can be obtained by contacting the liquidator at the address

Nated this 31st day of January 1995 GF TOTTERNELL

Price Walerhouse, Chertored Accountants, 8th Floor, 258 St George's Terrace, PERTH, WESTERN AUSTRALIA 6000 Telephone (09) 322 4911 Facsimile (09) 327 6299

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Detricked Strikes tale

INTERNATIONAL COMPANIES AND FINANCE

Daiei set to post Y25bn loss after Kobe earthquake

By Emiko Terazono

Daiei. Japan's largest retailer. said it would post a net loss of Y25bn (\$252m) in the current financial year to February largely as a result of the earthquaka that devastated the Kobe region two weeks ago. It is the first group in the industry to announce losses stemming from the disaster.

Mr Isao Nakaquchi, the company's chairman and president, said the retailer had suffered some Y50bn in damages from the earthquake and from lost sales due to the closure of stores in Hyogo prefecture.

Mr Nakaquebi also announced his resignation as vice-chairman of the Keidanren - the prestigious business leaders' federation - in order to give his full-time attention to his national retail network.

Mr Nakaquchi added that the company was forecasting net profits of Y14on for the next business year to February 1996. Daiel's announcement is seen by many analysts as the

first in a series of downward corporate profit revisions due to the earthquake. At the same time, however, many companies which had announced optimistic earnings projections at the beginning of the current business year are expected to use the earthquake

as an opportunity to scale down their previous estimates. "Although Daiei had forecast a 25 per cent rise in sales for this year, it wasn't meeting the

target through September to December," said Ms Victoria Melendez, retail analyst at brokers Morgan Stanley in Tokyo. Moreover, while officials at Daiei said earnings from the retailer's other stores could eventually cover the losses, the effects of the earthquake could have serious implications for Daiei, which already is run-

on a consolidated basis. lts day-to-day operations depend on a delicate financial structure, and "It's likely to see a further deterioration of its balance sheet," said Ms

ning on a high cash flow deficit

Other retailers are also expected to be hit by store closures and damages as a result of the earthquake. Daimaru, which derives 20 per cent of its sales from Kobe, and Sogo, which posts half its sales from the region, are expected to be seriously affected.

Mitsukoshi, the prestigious department store, said sales would fall short of expectations of Y768bn by Y2.5bn due to the quake. The company sees pretax profits hit by Ylbn, but will offset losses by selling some of its stock portfolio, raising Y700m.

Japanese stores chain hit by losses at financial unit

chain, lowered its group earnings estimates yesterday, due to losses at its financial subsidiary, writes Emiko Terazono.

The company cut its estimate for consolidated recurring profit, before extraordinary items and tax, for the current year to the end of February from Y26bn to Y21bn (\$212m), down 10.2 per cent from the previous year, while its consolidated after-tax profit was halved from Y8bn to Y4bn, a 45.3 per cent decline from a

Seiyu said it would extend Y18.7bn to Tokyo City Finance,

Seiyu, a Japanese supermarket a finance subsidiary faced with mounting losses due to the plunge in the Japanese property market. The retailer will post Y18.7bn in unconsolidated extraordinary losses for the current, business year but left its non-consolidated earnings estimates unchanged as it will offset the losses by selling shares in Familymart, its con-venience store subsidiary listed on the Tokyo stock exchange.

After the stock sale, Seiyu will still remain as the largest single stockholder with a 40 per cent stake, down from 46.2

on outsider to run UK operation

By Nikki Talt in Sydney and ison Smith in London

Anstrallan Mntnal Provident, Australia's largest life office, yesterday announced that it was bringing in an outsider - Mr Richard Surface, currently manag-ing director of Snn Life International - to run its UK

Mr Surface, a 46-year-old American, will become managing director of AMP UK, where the group owns Pearl Assur-ance and London Life. Mr Surface, who takes up his post tomorrow, will also become managing director of Pearl. The appointment is the lat-

est in a series of senior man-agement changes which have taken place at AMP since Mr George Trumbull, another American, was recruited from Cigna to manage the institu-tion last year. The AMP has long been viewed as a solid, but highly conservative and bureancratic organisation, and has been trying to shake off this image as competition in the home market intensifies.

Mr Trumbull foreshadowed management changes at the UK operations when be released the AMP's 1994 new business figures two weeks

While these showed a 6.8 per cent increase in total worldwide premiums and contributions last year, to A\$8.2bn (US\$6.2bn), Pearl's new business declined by 13 per cent and total premiums fell 7.5 per cent, in sterling terms.

Mr Surface's remlt will include examining new distri-bation methods for Pearl, whose business is currently based largely on a direct sales

Apart from the fall in new business, Pearl is also caught up in the work organised by the regulators in response to public concern that thousands of people received poor advice to buy personal pensions and opt ont of occupational

Mr Surface joined Sun Life as general manager in charge of corporate development five years ago, after eight years with American Express.

AMP takes | Malaysian car group seeks fresh inroads

Proton will find the competition tough as it targets new markets, says Kieran Cooke

for Proton, the Malaysian a car manufacturer. At the end of last week, Dr Mahathir Mohamad, Malaysia's prime minister, launched a new 2-litre version of the Proton, called the Perdana. At the weekend Dr Mahathir

flew to the Philippines to launch a joint venture to build a Proton manufacturing facility near Manila - the carmaker's first such plant out-side Malaysia. Meanwhile, Mrs Rafidah Aziz, Malaysia's minister for trade and industry, was in Brussels launching Proton's first left-hand drive models on

the European continent. Proton has come a long way since the first car rolled off its assembly line in 1985. Production has climbed to about 120,000 units a year. Proton now has a 72 per cent share of domestic car sales and is an aggressive exporter, making significant inroads into the UK

A project inspired by Dr Mahathir, Proton is seen by some as a symbol of Malaysia's new found economic dynamism. But others are more cir-cumspect. "Proton has achieved a lot," says one Kuala Lumpur analyst. "But it's been a hit carried away by its success in the home market. It will find competing with the big boys overseas increasingly

market.

tough and it could get hurt." Proton's main problem is achieving the economies of scale necessary for long-term profitability. What Proton produces in a year, the big Japanese manufacturers turn out in a couple of months. Mr Mohamdad Nadzmi Mohamad Salleh, Proton's 40-year-old managing director, says an economic level of production in modern car manu facturing is between 250,000

and 300,000 units a year.
"We want to achieve that as soon as possible" says Mr Nadzmi

Last week Proton announced it was examining plans for a new plant capable of producing 250,000 to 300,000 cars by early next century. Proton's plant at Shah Alam outside Kuala Lum pur has a capacity of 150,000

keep prices down. Proton is produced in partnership with Mitsubishi of Japan, which has a 17 per cent stake in the company.
When Proton started production, it was heavily reliant on

The other big challenge is to

Mitsubishi, sourcing almost all parts from Japan. But now about 70 per cent of the car is produced in Malaysia and top management is almost all local. However, core technology

and high-value items, including much of the transmission system, are still imported from Japan. Proton has had to cope with a steep rise in the cost of its

Japanese imports over the past

two years as the Malaysian dol-

lar has depreciated nearly 20 per cent against the yen. Comparatively low wages in Malaysia, together with recent productivity increases, have belped hold down prices. But

profit margins have been

Proton Unita ('000)

squeezed. Pre-tax profits in were M\$241m (US\$110m) on turnover of M\$3.04bn. In 1992-93 pre-tax profit was M\$310m on M\$2.3bn

r Mahathir sees Proton as an important element in realising his vision of turning Malaysia into a fully industrialised country by the year 2020.

He has strongly criticised the Japanese for what be sees as their reluctance to transfer technology to Proton. The company bas recently opted to source supplies from other producers in order to avoid yen imports and gain access to a wider range of car manufacturing technology.

Disruption to supplies from Japan caused by the recent Kobe earthquake is providing a further stimulus to seek parts

Under an agreement signed last year with Peugeot-Citroën of France, Proton plans to produce its first non-Mitsubishi car - likely to be a diesel-engined vehicle in the 1,051cc

to 1,250cc range. Proton is also considering producing engines and four-wheel drive vehicles in co-operation with Rover of the

While the automotive trade bas generally been positive about Proton's products, the car's success has depended largely on its privileged position in the Malaysian market where steep import tariffs on other makes give it a considerable price advantage.

A total of 127,177 Protons were sold last year - 110,000 of them in Malaysia - and Proton admits that with the domestic market at near saturation point it has to export to

UK but over the next few years Proton aims to increase exports significantly, particularly to the European Union.

ingredients of Proton's sales success bas been price. The UK prices of Protons start at about M\$28,000. In Malaysia the cheapest Proton costs more than M\$30,000. Under the EU's generalised system of preferences (GSP), Proton has full exemption from UK import

If Proton starts to make its presence felt in the EU car market, Europe's motor manufacturers might argue for a revision of Malaysia's GSP status - or demand the removal of its protective import duties.

Proton sees its market niche as being below the price range for equivalent Japanese makes, but slightly above those from South Korea.

This is one of the most competitive areas of the market and Proton is finding it diffecult to make further inroads in the UK. The indications are that its sales there were

slightly down last year. But, nurtured and encouraged by Dr Mabathir, Proton is exploring new markets. It is seeking joint venture agreements in Vietnam and China and counts Chile and Argentina among its latest export destinations.

Proton's Mr Nadzmi has always conceded the going will be tough. "There's no turning back," he says. "We have to

JCI gives detail of mine merger

By Mark Suzman

Development of the new South Deep mine would cost R2.73bn (\$771m), according to Johannesburg Consolidated Investments which yesterday gave details of the merger of the South Deep development with its Western Areas gold mine. However, tax and other benefits would reduce the total funding required to an esti-

According to JCI, the merged mining operations would have

gold reserves, giving a mine life of more than 60 years. The South Deep section was expec-ted to be in full production in 2003 and the combined mine would mill 440,000 tonnes a month with an approximate gold content of 6.8 grams a tonne. Working costs were anticipated to be R206 a tonne milled, at July, 1994 prices.

As previously announced, Western Areas would acquire South Deep by issuing 92 new ordinary for every 100 South Deep shares, JCI said yester-

60m troy ozs of recoverable day the South Deeps development would be financed by a Western Areas rights issue to raise between R500m and R600m. This would take place soon after February 21 when shareholders vote on the merger proposals.

Present plans suggest the mine would have to raise more capital in 1999.

JCI said there would be substantial savings by Western and South Deep sharing infrastructure as well as services such as power, ventilation and

NRMA prospectus was misleading, court rules

The prospectus for the an effort to get its flotation A\$2bn-plus (US\$1.5bn) flotation of NRMA, the Australian motor insurer, was misleading, the full bench of the Federal Court ruled, writes Nikki Tait.

The ruling upbolds an earlier decision by a Federal Court judge last October, which caused the insurer to freeze its plans to demutualise and then list on the stock market. NRMA, which is owned by

lts members, had oppealed

against the October ruling in

US\$ 240.000.000

plan back on track, However, some disgruntled NRMA members - and two dissident directors - are deeply opposed to the demutualisation scheme, claiming that the NRMA will become more commerciallydriven, and concentrate on acbleving efficiencies on the insurance side at the expense of its motoring services.

The NRMA needs 75 per cent of members voting to be in favour before it can proceed

October 1994

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MANAGINIENT AND TECHNOLOGA CONSTITUTE AROUND TUIL GLOTH

Union Bank of Norway U.S. \$27,000,000 Subordinated Floating Rate Notes due 2002

In accordance with the provisions of the Notes, conce is hereby giveo that the Rate of Interest for the three month period ending 28th April, 1995 has been fixed at 8.1125% per annum. The interest accruing for such three month period will be U.S. \$9,802.60 per U.S. \$500,000 Note against presentation of Coupon Number 11.

Union Bank of Switzerland London Branch Agent Bank 27th January, 1995

Union Bank of Switzerland

Wells Fargo & Company US\$200,000,000 Floating rate subordinated notes due 2000

The notes will bear interest at The notes will bear interest at 6.125% per annum for the interest period 31 Junuary 1995 to 28 February 1995. Interest payable on 28 February 1995 will amount to US\$47.64 per US\$10,000 and US\$238.20 per INTEREST. US\$50,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

Telefónica TELEFÓNICA DE ESPAÑA, S.A. 1994 INTERIM DIVIDEND

The Board of Directors of Telefónica de España, S.A. at its meeting held on January 25th. 1995, adopted the following

To distribute an interim dividend for the fiscal year 1994 to Telefónica shares that will be the following amount for each of the shares indicated below:

ISIN CODE	NUMBER OF SHARES	GROSS AMOUNT NET AMOUNT (PESETAS PER SHAPE)				
ES0178430015	I to 939,470.820	27.00	20.25			

It was also agreed that the payment of this dividend will be carried out on February 17th, 1995.

> Madnd, January 26th 1995 THE BOARD OF DIRECTORS



Republic of Italy ECU1,000,000,000 Floating rate notes due

Notice is hereby given that the notes will bear interest at 6% per armum from 31 January 1995 to 25 April 1995, Interest payable on 28 April 1995 will amount to ECUT250 per ECUS,000 note and ECUT25.00 per ECUS0,000 note and ECUI, 150,00 per FC1/100 000 more Agent: Morgan Guaranty

Trust Company

JPMorgan



US\$400.000.000 Floating rate notes due In accordance with the

provisions of the notes, notice is hereby given that for the Interest period from 31 January 1995 to 31 July 1995 the rate of interest on the notes will be 6.5625% per annum. The interest payable on the releas ryment date, 31 July 1995 will te US\$8,248.70 per US\$250,000

CITIBANKO

Agent: Morgan Guaranty Trust Company **JPMorgan**

Citicorp Banking Corporation

(Newspersed in the Sear of Dale-and)

Unconditionally guaranteed on a substituted book by CITICORPO

LISSESS.COO.COO GUARANTEED FLOATING PAIR S.S.CEDRAITED CARTAL NOTES
DUE JANUARY 1007
Names is hereby given ther the Rose of instead the bean fixed at 6.4375% and that the
interest pocyclic on the relevant interest formers. But April 28, 1495 against Coupon
No. 41 in respect of US\$10,000 nominal of the Nates will be US\$155.57.

EXIDE CORPORATION Has acquired through tender offer 89% of SOCIEDAD ESPAÑOLA DE ACUMULADOR TUDOR, S.A. CREDIT LYONNAIS DE NEGOCIOS - SPAIN In association with **CREDIT LYONNAIS - NEW YORK BRANCH** MERGERS AND ACQUISITIONS

> Initiated this transation, assisted in the negotiations and acted as financial advisor to Exide Corporation

US \$100,000,000 Credit du Nord Floating Rate Notes due 1997 For the period from January 31, 1995 to April 28, 1996 the Notas will carry an interest rate of 69% per annum with an interest amount of US \$164.06 per US \$10,000 Note. The relevant interest payment date will be April 28, 1995.

BANQUE PARIBAS

Samsung Electro-Mechanics Co., Ltd.
(incorporated in the Republic of Korea with Limited Liability)
USS 40,000,000

4½ per cent. Bonds due 1997 with Warrants
to subscribe for Non-voting Shares of
Samsung Electro-Mechanics Co., Ltd.

NOTICE OF THE SUBSCRIPTION PRICE ADJUSTAIENT
We horeby give notice to the holders of the above described Bands with
Warrants that, in accordance with the terms and conditions of the
Instrument dated 8th October, 1992, the Subscription Pitce was
decreased from Korean Wan 22,435 to 19,598 offective after 9th
December, 1994. This adjustment is a result of the Rights Issue of the
Company resolved at the investings of the Board of Directors of the
Company hold on 17th October, 1994. CITIBANCO



INTERNATIONAL COMPANIES AND FINANCE

US Steel returns to black for year

Strong growth for Hughes and EDS

Dow Chemical | Marsh & McLennan gains 12%

\$78%.

US Steel, America's biggest integrated steel maker, reported net earnings of \$90m in the fourth quarter to the end of December, compared with \$37m before one-off gains the year before. The company, part of USX Corporation, said it had shipped 2.9m tons in the quarter, the highest since the

second quarter of 1989. For the year, US Steel had net income of \$201m, or \$2.35 a share, on sales of \$6.1bn. The previous year it made a loss of \$238m after exceptional

GM Hughes Electronics and

EDS, two wholly owned subsid-

iaries of General Motors,

reported strong growth in full-

year earnings of 17 per cent and 14 per cent respectively. Hughes produced earnings of \$1.05bn, while EDS made

\$822m on sales which topped

\$10bn for the first time. In the fourth quarter,

Hughes increased its automo-

tive sales by 9 per cent to

\$1.4bn. The company said this was because of a 4 per cent rise

in the electronic content it pro-

vided for GM vehicles in North

America, from \$853 to \$890 a

unit's shares

By Tony Jackson

ment yesterday.

up on sale talk

Shares in Marion Merrell Dow,

Dow Chemical's pharmaceuti-cal subsidiary, rose 5 per cent

to \$25 by midday vesterday

amid press reports that it may

be sold to Hoechst of Germany.

Neither company would com-

The share price rise values the whole of Marion Merrell

Dow, which is 28 per cent pub-

licly owned and 72 per cent

Dow Chemical said in

August it had retained finan-

cial advisers to look at "possi-

ble strategic transactions'

involving Marion Merrell Dow.

While stressing that no action

might result, Dow said it

would be "remiss not to con-

sider alternatives in the best

interests of our shareholders".

In October, Hoechst said it

was talking to several US

drugs companies, but gave no

further detail. The company's

earlier foray into the US phar-

maceutical market - the 1993

purchase of a majority stake in

Copley Pharmaceutical - has

Marion Merrell Dow was

formed in 1989 as a merger

between Marion Laboratories and Merrell Dow, Dow Chemi-

cals' wholly owned drug busi-

ness. in 1993 it went on to

acquire Rugby, a generic drug

manufacturer, and last year it

bought Kodama of Japan. The

company's main products are

cardiovascular, gastro-intesti-

nal and respiratory treatments.

so far proved unsuccessful.

owned by Dow, at \$6.8bn.

By Tony Jackson

charges. Mr Charles Corry, USX chairman, said the com-pany had benefited from strong demand and modest price improvement. "We expect average 1995 raw steel production to exceed 1994 levels," he said, noting that production in the fourth quarter had run at 104 per cent of rated capacity. Current orders indicated con-

tinued strength in demand for flat-rolled products, he said. "With further price improvement effective with the start of this year in virtually all products, and the operating improvements we've achieved,

vehicle, while GM's output of

vehicles rose 8 per cent. Inter-national and non-GM sales rose

For the year as a whole, Hughes said higher electronic

content a vehicle, higher

vehicle output and aggressive cost reduction more than offset

the impact of lower prices.

Operating profit for the year

rose 27 per cent to \$794m, with

in telecommunications and

space. Hughes made quarterly

operating profits of \$6m on

sales of \$703m, as a result of

the start-up costs of its DirecTV satellite television ser-

Marsh & McLennan, the US

insurance broking group,

reported a 12 per cent advance

in after-tax profits for 1994, led

by growth in its investment

management and consulting

The figures reflected a stron-

ger than expected advance in

revenues in the final three

By Robert Gibbens in Montreal

Tembec, a Canadian producer

of speciality pulp, newsprint, cartonboard and timber, posted

net profit of C\$20.5m

(US\$14.5m), or 53 cents a share,

in the first quarter ended

December 30, against a loss of

C\$2.6m, or 9 cents, a year ear-

lier, with product prices rising

Avenor, the Canadian pulp and

paper group, continued its recovery in the final quarter of

1994, with rising pulp prices,

strong newsprint markets and

The company had a small

operating net profit, but after

C\$12.1m special charges, it

a favourable exchange rate.

strongly.

By Robert Gibbens

margins up to 15.2 per cent

20 per cent to \$170m.

from 13.9 per cent.

By Richard Waters in New York

we believe the US Steel group is well positioned to continue its strong financial performance in 1995."

• USX-Marathon Group, the oil subsidiary of USX Corpora-tion, made net earnings of \$321m in the year, helped by one-off gains of \$225m. In underlying terms, operating income for the year was up 3

Marathon's exploration and production business made operating profits of \$210m for the year compared with \$80m. Mr Corry said: "The year 1993 clearly marked a low point for

vice. Hughes said the service,

whose nationwide introduction

in the US was completed in

October, had 350,000 subscrib-

ers by the year-end, making it

introduction in consumer elec-

tronics history". Operating profits in defence

were down 17 per cent for the

quarter at \$186m on sales 22

per cent lower. The decline was due chiefly to lower pro-

duction on several missile pro-

EDS, GM's computer services

company, said earnings for the

final quarter rose 17 per cent to

\$237m. or 49 cents a share.

Sales in the quarter rose 26 per

morning trading yesterday, to

The continuing weakness in

the property/casualty insur-

ance industry led to restrained

growth in Marsh & McLen-

nan's insurance services busi-

ness during 1994. Ravenues

were up 5 per cent from 1993 at nearly \$1.9bn.

the group's investment man-

agement subsidiary rose 18 per

months of the year, helping to cent, to \$615m, while revenues 15 per cent from a year before, lift the group's shares by \$1 in from consulting climbed 7 per to \$72.2m, or 98 cents a share.

Tembec posts C\$20.5m net profit

to C\$152m. Tember expects to

reap the benefits of more price

increases through 1995 and

Mr Frank Dottori, president,

said softwood kraft pulp prices

should reach about US\$875 a

tonne later this year, up from US\$750 now, but would still be

short of the inflation-adjusted

the Tartas pulp mill in

against a loss of C\$160.5m, or

C\$2.65, after special charges a

The full-year loss was C\$71m.

or C\$1.07, against a loss of C\$285.6m, or C\$4.88, after spe-

At the operating level

year earlier. Sales were

C\$520m, up 34.5 per cent.

cial charges in 1993.

Tembec owns 50 per cent of

posted a final loss of C\$9.7m Avenor achieved a turnround (US\$6.85m), or 14 cents a share. of about C\$220m.

C31.5m

high of US\$950 set in 1989.

Recovery continues at Avenor

Meanwhile, revenues from

tha most successful product

[Marathon's] liquid hydrocarbon and natural gas produc-tion." Output of both had increased in 1994, and further rises were expected this year.

Downstream operating income for the year was \$287m against \$407m for 1993. The fourth quarter was hit by lower margins on refined prod-

he said.

• The gas company Delhi Group, also part of USX, made a net loss of \$31m for the year on sales flat at \$153m. This reflected a charge of \$27m for

cent to \$2.9bn, with sales to

non-GM customers up 33 per

cent. For the full year, non-GM

sales grew to more than 64 per

the year totalled more than

with Xerox to supply most of

its information technology

globally. EDS chairman Mr Les Alberthal said he expected

continued strong perfor-

General Motors Acceptance

Corporation, GM's financial

services subsidiary, reported

net earnings of \$802m for

the year, a rise of 1 per

cent, to \$933m. Marsh &

McLennan owns the Putnam

investment management com

pany and Mercer, a bensfits

to \$371m, or \$5.05 a share, from \$332m, or \$4.52, in 1998.

Net income for 1994 jumped

Growth in the final quarter

outpaced the rest of the year,

at 10 per cent overall, leading

to better-than-expected results

for the period. Net income rose

southern France, and this will

be very profitable this year, he

The 41 per cent-owned news-

print unit SpruceFalls in

Ontario had first-quarter net

profit of C\$6.6m, or 20 cents a

share, almost double that of a

year earlier. SpruceFalls is

hringing back its fourth

machine to bring capacity to

more than 300,000 tonnes a

Sales were C\$1.9bn against

Operating earnings improved

from quarter to quarter in 1994,

said Mr Paul Gagne, president.

"Avenor's restructuring and

consolidation are complete and

consulting firm.

New contracts awarded in

including a \$3.2bn deal

cent of the total.

mance" this year.

group plans further price rise

Newsprint

By Bernard Simon in Toronto

Abitibi-Price, the world's biggest newsprint producer, has taken advantage of an acute shortage by notifying North American customers of

Abitibi said it planned to raise list prices and cut discounts by a total of US\$75 a tonne on May 1, bringing the average transaction price to about \$675. Other producers are expected to follow suit.

Newsprint was selling for \$420 a tonne at the beginning of 1994. But rising demand and supply disruptions have given producers an unexpectedly strong band. Mills have yet to implement a \$50 a tonne ncrease set for March L

The shortage is especially severe on the west coast. A strike at Fletcher Challenge Canada has closed three pulp and paper mills in British Columbia for mora than a month. Most other US and Canadian mills are operating at full capacity and their inventories have fallen sharply.

ers are scrambling to find ways of conserving news-print. "Nobody is even asking what the price is," one indus-try consultant said. "They're just saying: 'Ship it'."

The squeeze on supplies in North America has been exacerbated by strong overseas demand, especially in the UK and south-east Asia.

According to the Canadian Pulp and Paper Association, offshore newsprint exports climbed by 11 per cent in the first 11 months of last year. Strong domestic demand however, has led many mills to divert shipments to the North

American market ln recent **Tyson Foods**

improves 20% in first quarter

Tyson Foods, the world's largest producer of chickens. reported a 20 per cent rise in earnings per share to 36 cents in the first quarter of its 1995 financial year from 30 cents in the previous year, writes Mag-gie Urry in New York.

In the three months to December 31, net income was \$52.2m. compared with

Sales rose 15 per cent to \$1.33bb. The group gained market share in all areas, Tyson said. Poultry sales volumes were 16 per cent higher. Arkansas-based Tyson said it had bought back 3.6m of its shares under a programme which would allow it to pur-

chase a total of 15m shares. The company last year attracted publicity over its links with President Clinton and its gifts of football tickets

NEWS DIGEST

Eaton earnings surge to record \$333m for year

Eaton Corporation, the US manufacturer of vehicle components and electrical equipment, enjoyed a record year due to acquisitions and unprecedented production of heavy trucks in North America, writes Tony Jackson.

Net-earnings before special charges rose 61 per cent for the year to \$333m, on sales up 38 per cent at \$6.1bn, while earnings per share rose 44 per cent to \$4.40. Sales of vehicle components were up 20 per

cent. Mr William Butler, chairman, said that heavy truck sales in North America were 7 per cent above the previous record set in 1979, and 21 per cent higher than in 1983. Eaton makes truck transmissions, axles and engine parts.

Mr Butler said it had been "extremely difficult, and at times very costly, to keep up with the surging demand for our products". The company had also been helped by the continuing popularity of minivans and light pick up trucks in the US market.

The \$1.1bn acquisition of the DCBU electrical and controls business from Westinghouse of the US, effective a year ago, had contributed to earnings in the first year, Mr Butler said. The balance sheet had already been restored to its pre-acquisition condition, with the debt to capital ratio back below 40 per cent. The company planned record capital spending for the current year, he added:

Santa Fe Pacific lines up finance for merger

Santa Fe Pacific, the US railway company whose plan for a friendly merger with Burlington Northern was upset when it received a hostile bid from Union Pacific, has tied up the finance for the \$3.85bn Burlington deal, writes

Maggie Urry in New York. A group of banks led by Morgan Guaranty Trust has committed \$1.56bn, conditional on the deal being approved by shareholders of both Santa Fe and Burlington.

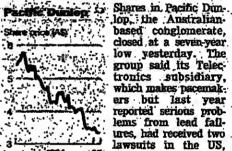
Both companies are holding special shareholder meetings on February 7. The money will be used to buy back 38m Santa Fe shares for \$760m, to refinance \$400m.

of debt, to pay the expenses of the deal and for general purpos Union Pacific's bid is all in cash, valuing Santa Fe shares at \$18.50 each and the com-

Burlington's offer, although slightly higher, is two-thirds in shares, and some shareholders prefer cash.

The share buy-back is intended to sweeten. the Burlington deal.

Pacific Dunlop shares hit seven-year low



based conglomerate, closed at a seven-year low yesterday. The group said its Telectronics subsidiary, which makes pacemak. ers but last year lems from lead failures, had received two lawsuits in the US, 1904 es writes Nikki Tait in

lop, the Australian-

Source FT Graphie . . . Sydney. By the close of business, Pacific Dunlop shares were 4 cents lower, at A\$3.30. The Melbourne-based company's brief statement said the legal action had come from patients who received the leads in January 1995.

It added that the claimants were seeking to have the proceedings broadened into a class action, although this had yet to be approved. by the US courts. The two patients are seeking

In November, Pacific Dunlop announced it in November, Pacific Dunlon announced it was withdrawing and monitoring three of its pacing leads (the device which connects the pulse generator to the heart tissue). It said then its decision followed reports of lead failures. Although the numbers were small — seven failures reported out of an

small – seven failures reported out of an implanted population of 42,000 recipients since late 1987 – two of the six US patients reporting

Czech telecom sell-off documents released

Tha Czech government and J. P. Morgan released final transaction documents yester-day in the international tender for a stake in SPT Telecom, the Czech state telecoms group, and extended by a week the deadline for

receipt of preliminary bids, writes Vincent Boland in Prague. They also provided the 10 international telecoms groups vying for the 37 per cent stake with details of a new tariff policy governing

future price rises in SPT's services.

This is expected to determine the amount bidders will offer for the stake, which could

fetch up to \$1bn.

Deadline for preliminary bids is February 24. according to J.P. Morgan, adviser to the gov-ernment and SPT in the tender.

Two new consortiums, one grouping Tele-Danmark and SBC Communications of the US and the other PTT Telecom Netherlands. AT&T of the US and Swiss Telecom, are expeced to be announced before the deadline.

Bell Atlantic of the US and France Télécom have already announced an alliance, and Deutsche Telekom and Ameritech are also acting together. Stet International of Italy is acting

Ratings of two Australian banks raised

IBCA, the London-based credit rating agency, yesterday upgraded its ratings of Westpac and Australia and New Zealand Banking Group, two of Australia's "big four" banks, writes Nikki Tait.

The short-term rating of both institutions was raised from A1 to A1+, and the long-term rating from A+ to AA-.

IBCA said that the revisions reflected the "strong improvement" in the banks' asset quality, due to better liquidity in the commercial property market, and "opportunities for problem loan resolution in a strongly-growing

local economy". IBCA confirmed the ratings of National Australia Bank and Commonwealth Bank.

Oerlikon-Bührle sales ahead 28% at SFr3.8bn

Oerlikon-Bührle, the Swiss weapons, engineering and retail group, said sales jumped 28 per cent to SFr3.8bn (\$2.98bn) last year, mainly because of its DM100m (\$66.14m) acquisition last October of the Leybold vacuum technology business, writes Ian Rodger in Zurich. The group said it expected net income to be

least equal to last year's SFr63m. Excluding Leybold, which was consolidated retroactively for the full year, sales were up 1 per cent in local currencies.

Under an agreement with US anti-trust authorities, elements of Leybold with annual sales of SFr160m remain to be sold. Operating profits improved except Contraves and the Bally retailing division, Net debt at the year end rose slightly to SFr1.2bn.

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- To

SFE to begin trading in NZ share options

The Sydney Futures Exchange is to begin trad-ing share options in New Zealand-listed com-

panies in Australia, writes Nikki Tait. The arrangement follows approval from Australia's attorney-general, and marks a further step towards closer integration of the two countries' financial markets.

National Australia Bank

Floating rate notes due

U\$\$100,000,000

Notice is hereby given that the rate of interest relating to the above issue has been fixed at 6.9375 per cent for the period 31 January 1995 to 31 July

Interest payable on 31 July 1995 per US\$10,000 note will Agent: Morgan Guaranty Trust Company **JPMorgan**

Dalwa International Fluance (Cayman) Limited U.S. \$200,000,000 Sebordinated Floating Rate Notes due 200 Guarenteed on a subordinated basis by The Daiwa Bank, Limited 31st January, 1995 so 28th April, 1995 87 days 6 61 25% per annus U.S. \$1,578.02

The Daiws Bank, Limited

London Branch as Agent Bank

Sakura Finance Asia Limited

Mitsui Finance Asia Limited U.S.\$150,000,000 **Guaranteed Floating Rate Notes 1997**

in accordance with the provisions of the Notes, notice is hereby given that for the three month period 31st January, 1995 to but excluding 28th April, 1995 the Notes will carry an interest Rate of 6.5625% per annum. Coupon will be U.S.\$158.59 on the Notes of U.S.\$10,000.

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New version of Apple MessagePad

By Louise Kehoe in San Francisco

Apple Computer has launched a new version of its Newton MessagePad hand-held "per-eonal digital assistant" and realigned its marketing to focus on business users.

The Newton - launched with great fanfare by Mr John Sculley, former Apple chairman, in 1993 – has been an embarrassing flop. Apple is attempting to address some of the criticisms that the original product

in particular, the new New tun MessagePad 120 has improved handwriting recognition, up to three times as much memory and improved screen clarity, Apple said.

A 1-megabyte version will sell in the US for \$599, and a 2-megabyte version at \$699. With an add-on modem or cellular telephone, the Messa-gePad will be capable of transmitting and receiving messages via various networks. However, analysts said that the new Newton still fell short

of Apple's extravagant prom-ises for a device that can "read" handwritten notes and communicate easily with all types of computers. The price is too high for mass market

appeal, they said.

Apple is, however, now focusing its Newton marketing efforts on companies with large numbers of "mobile" employees, in particular hospi-tals, financial services companies, schools and sales forces. To date Apple has sold about 290,000 Newton MessagePads, according to Link Resources, a US market research firm.

emberg-based company was re-established after the second

Then, the main aim of Mrs Grete Schickedanz, the founder of Quelle who died last year, was to provide cheap but high quality goods for Germans as they rebuilt their war-torn economy after 1945.

The group, which has expanded rapidly in the past four decades, soon captured a niche throughout Germany and western Europe. It diversified into photographic and optical

housing capacity due to strict planning regulations, the influ-ence of green/environmental

Wall in November 1989 opened up opportunities for the retail sector, and especially for Quelle, which last year a turnover of DM15bn. Mrs Schickedanz wasted no

group acquired 160 per cent ownership of the land, which after reunification in 1990 had been placed under the Treuhand privatisation agency. The company then began its investment programme of more than

ing sector in Germany?

packages a year, but Quelle said the warehouses were not

ther 1 per cent in west and east Germany this year, and by about 1.5 per cent and 2 per cent respectively for next

Europe's largest mail order group plans a DM1bn investment in a warehousing project on a 75-hectare site near Leipzig, writes Judy Dempsey

The attraction was increased by the generous grants offered by the state of Saxony. "We received grants worth about 23 per cent of our investment from the state and the federal government," said Mr Schmidin addition, companies have been allowed special deprecia-

tion benefits, amounting to 50 per cent of the value.
Quelle decided to install the
latest technology. The 32-metre high storage steel shelves are fully automated and an underground network of passages. allows goods to be transported rapidly throughout the com-

"We need about 100 people in Nuremberg just to store the goods on the shelves. In Leip-zig, this work is entirely auto-mated," said Mr Schmidtlein. in epite of the high degree of automation, Quelle believes it will be employing 3,000 people, including sub-contractors and ancillary services, by 1996 which would make it one of the largest single employers in

eastern Germany. How can Quelle exploit the extra capacity and automation under one roof, which hinders

efficiency.
Leipzig will gradually take over this part of the mail order business. By the and of the 1996, Mr Schmidtlein reckons Leipzig will be handling about 25m items a year, while Nuremberg will be reduced to about 8m.

pelle deals with about 33m items a year, or about 160,000-180,000 items a day. The storage facilities in Leipzig will have a capacity of 2m items, and the production/packaging lines have been designed to accommodate three shifts. capable of moving 180,000

items a day.

The Leipzig facilities will be centralised and automated. Mr. Schmidtlein hopes goods can be turned around in 24 hours, instead of the current 48 hours, or longer, at Nuremberg. However, because of the squeeze brought about by a fall in consumer spending, Quelle will have to offer cheaper, but good quality items to counter declining turnover. "Consum-

ers are faced with higher

any upswing in this sector. "I am sceptical that consumption will show recovery even in 1996," he said. "With these pressures, Quelle could well use the Leipzig operation to

are less expensive to manufac-ture but consistent with the company's philosophy of "good value for money

in Leipzig warehouse also means Quelle is well placed to take advantage of eastern

The Czech subsidiary, which employs 380 people, is process-ing 12,000 orders a day and distributing 400,000 mail order catalogues throughout the Czech Republic. At the same time, Quelle will have established 250 retail outlets there. including Foto Quelle, the photograph processing division and Apollo-optik, its opticians

Eastern Europe accounts for DM100m of Quelle's total turn-over. "It is small, but we are establishing a footbold there. This is a market we cannot ignore," said Mr Schmidtlein.

Quelle hopes to use the fledg-ling pay-TV network as a means of promoting its cata-logues and tapping into sales. But Germany's restricted media laws, and this still largely underdeveloped sector, hinder such plans. Besides. Quelle believes consumers might be reluctant to pay a monthly transmission fee. Nevertheless, Quelle intends to carry out trials in the Nurem-berg, Stuttgart and Leipzig

region next year to test con-sumer response.

Mr Schmidtlein is cautious. "I don't know if this system would be accepted. The Germans have enough overheads at the moment. Mail ordering

In the meantime, Quelle, assuming it can keep its costs

to Mr Mike Espy, US agriculwe have laid the foundation for solid profitability in 1995." Quelle set for high-tech eastern expansion

urope's largest mail order group has ita sights trained on eastern Germany. Quelle is poised to transform its business through a DMIbn (\$666m)

investment in a Leipzig warehousing project which is due to come on stream in February. The warehouse, equipped with the latest technology, is one of the higgest investments Quelle has made since the Nur-

world war.

As it grew, pressure on capacity at its Nuremberg headquarters increased. It became more difficult to expand and build new warepolitics and the high cost of

recorded profits of DM166m on time in taking advantage of German reunification. Quelle acquired a 75-hectare site just outside Leipzig, in the eastern

German state of Saxony. Mr Erwin Schmidtlein, direc-

tor of Quelle's vast Leipzig in Lelpzig, and weather the warehousing complex, said decline in consumer spending that in February 1991 the which has squeezed the retail man retailers.

that in February 1991 the which has squeezed the retail man retailers.

takes," explained Mr Steffen year in Poznan, Poland. Kern of the association of German retailers. DM1bn to build one of Europe's most modern warehouses.

One of the main aims of the Leipzig investment was to move the bulk of the mailordering/delivery service to Saxony from Nuremberg. Nuremberg handles about 33m

"Retailing will fall by a fur-

year," he added.
Mr Cy Schluter, head of CAI analysis, which specialises in retailing, is pessimistic about

streamline its activities in Nuremberg," he added. Eastern Europe can play an increasingly important role in Quelle's quest for goods which

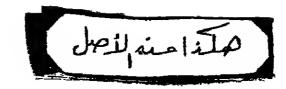
For example, the group is involved in trials with a refrig-erator enterprise in the Ukraine as a means of keeping costs down. "It also means that if the Ukraine experiment is successful that enterprise will become competitive in its own right," explained Mr Helge-Hehrz Heinker, a Quelle official to Userie.

Burope once consumer spend ing in the region increases.

It has a warehouse in Brezhrad in the Czech Repubhic which it set up in the

through pay TV will come eventually. But not yet," he

down, hopes to recoup its DMIbn in about eight years. However, there is a lingering regret that Mr Klaus Mangold, the former chairman of Quelle, a central figure in setting up-the project, who resigned late last year, will not see the Leip-zig plant come on stream.



COMPANY NEWS: UK

Quality of Northern Electric's non-core activities questioned

Trafalgar attacks target's costs

Trafalgar House yesterday tried to cast doubt on the independent future of Northern Electric, target of its hostile £1.2bn bid, hy attacking the quality of the utility's rapidly growing non-core businesses. in a document sent to North-ern shareholders, Trafalgar at diversification had been disappointing.

It questioned both the profitability of Northern'e retail operation and prospects for the competitive electricity supply business serving commercial

and industrial energy users.

Trafalgar also queried whether tha supply profits.

£12.8m in the first half, would prove sustainable in a competi-tive low margin business. It also attacked Northern's track record on costs and questioned how the company would cope when a free market was established throughout the electricity industry in 1998.

It urged Northern shareholders to accept its offer, which includes a £10.48 cash alterna tive - snhstantially higher than the level at which other regional electricity companies shares were trading, it said.

"Your company is worth more to Trafalgar House than it is to ordinary shareholders, said Mr Simon Keswick, Trafal-gar chairman. "It is this which mium for your shares." Analysts said the document

raised important issues for Northern investors. "It is difficult to argue that Trafalgar House is undervaluing the shares when the rest of the sector is trading at between £2 and £3 less than the offer price," said one. "Investors can sell into the offer and still take advantage of the opportunity to buy into other recs." North-ern repeated its claims that Trafalgar is "attempting to hay Northern Electric cheaply before the flotation of the

National Grid". It also pointed out that the value of Trafalgar's cash and paper offer has fallen from

£10.71p to £10.38p a ehare. Trafalgar's convertible prefer-91.5p, against the 93p at which they were underwritten for the full cash alternative.

investors are unlikely to back either side until the gov-ernment decides whether the bid should be referred to the Monopolies and Mergers Commission. While there are no issues of competition, moet observers expect the government to seek a referral In the document, Trafalgar

estimates that it would write up the value of Northern's tangible fixed assets by £340m and the value of its shareholding in the National Grid hy £172m.

holds talks to sell bakeries

Allied Domecq is in talks with a view to disposing of its European bakeries to a syndicate of investors led by CVC Capital

Lyons, Allied's food manufacturing sector - produces a variety of biscuit and hread distralian banks na substitute products, operating mainly in the Netherlands, Belgium, France and Germany. It has an annual turn-over of about £150m (\$234m). The proposed disposal follows several others within Lyons and Allied Breweries Nederland last week, as part of Allied's strategy of focusing on its spirits and wine and retailing operations.

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Talks, if successful, will lead to the formation of a new company in which both the syndicate and existing management

Allied Domecq Haynes flat at £2m despite strong US performance

Shares in Haynes Publishing yesterday fell 20p to 330p after the car and motorcycle manual producer reported difficult which offset gains in the US. Pre-tax profits inched ahead to £2.15m (\$3.35m) against \$2.11m for the six months to November 30, including

£200,000 from the sale of a warehouse in Leeds, West Yorkshire. Sales fell by 6 per cent from £12.4m to £11.6m. Mr Max Pearce, chief execu-tive, said the UK operations had "a lousy first quarter as a result of flat retail sales across the board". Despite an improvement in pre-Christmas sales, this left operating profits in the UK and Europe 36 per cent lower at £711,000 (£1.11m),

(£6.47m), partly because of the closure of a printing plant in December 1993.
In contrast, operating profits

in the US rose 18 per cent to £1.9m (£1.61m) on improved sales of £6.77m (£5.94m). Mr Pearce said the print facility in Nashville, opened in late 1993, and new manuals had helped Haynes become one of the mar-He warned, however, that the first-half setback in the UK

would not be made up during the rest of the year, and said rising paper prices remained the biggest challenge to the group. As a result, one analyst shaved his profit forecast from £5.6m to £5.2m for the full year. At the end of December Haynes moved from a full Stock Exchange listing to the

USM. Mr Pearce said Mr John Haynes, chairman, bad wanted to transfer part of his 64 per cent holding to a trust for his sons without incurring capital gains and inheritance tax. Some fund managers restricted from investing in USM compa nies were unhappy with the move because it forced them to sell. Beeson Gregory, the group's broker, said the move would have little effect since trading volumes had traditionally been low.

Haynes had £2.6m net cash at the end of November, a turnround from 47 per cent gearing at the end of 1991. Mr Pearce said the company would be more likely to invest in product and market developmen than in acquisitions.

Earnings were 8.2p (8.1p) and the dividend is held at 4p.

Rise in spending lifts BAA to £328m

A growing number of passengers spending more in airport shops helped lift nine months' pre-tax profit at BAA, the airports group, by 12.3 per cent to £328m (\$512m). Revenues for the nine

6.1 per cent to £926m. The most striking rise came on the retail side, where revennes ose 9.8 per cent to £402m. BAA's airports include Heath-row, Gatwick, Glasgow and

Revenne from airport charges was £336m, an ncrease of 6.8 per cent. Passenger numbers rose 7.4 per cent to 69.3m. BAA said it expected passenger growth for the year as a whole to be

about 7 per cent. Sir John Egan, chief executive, said the group's airports had benefited from strong traffic growth as the worldwide economy recovered. He said he expected the growth to continue into 1996.

Property revenue rose hy £8m to £119m. BAA announced earlier this month that it was freezing rents in its airport terminals at 1993 levels. Rents will not be increased until March next year.

The freeze will not affect the retail or restaurant side of the husiness. The tenants concerned are airlines, handling agents, customs and immigration, the police and cargo companies. Capital expenditure in the first nine months rose to £307m (£175m), reflecting the current improvement pro-

LEX COMMENT

Storms ahead for BAA

Apart from a blip during the Gulf war, BAA's financial flight-path has been astonishingly true. Yesterday's third quarter results told a familiar story of cost cutting, inexorable pas-senger growth and rising retail spending. There are, nevertheless, storm clouds on the

horizon. Most immediately, the group admits the Channel tunnel, once fully operational, will knock up to 3 percentage points off pas-senger growth. Retail spending growth must also slow. In 1999, intra European Union duty free sales are scheduled to end. True, their abolition is not guaranteed: Sir Alastair Morton, Eurotunnel's co-chairman, whose cross channel operations were planned on the pre-sumption that duty-free would end in 1993, is one of the few who wants them ended the ferries, airlines and distillers are against the measure. So too are consumers.

Nevertheless, the risk remains BAA could lose up to £30m in earnings, despite compensa-tory spending on other goode. Moreover, aithough the ability to squeeze ever-greater amounts out of passengers shows few signs of abating, it must reach a ceiling sometime. BAA has always been up-front about the challenges facing its airports. Investors

already know about the Channel tunnel, the cost of Heathrow terminal five and the poten-tial rights issues necessary for overscas expansion. BAA remains a safe play on civil aviation growth. The only real problem is the company's price/earnings ratio which at a 25 per cent premium to the market makes it, as ever, look

Bridon to close UK plant and invest £6m in new equipment

Bridon, the wire and wire rope manufacturer, yesterday announced the closure of one of its main UK plants and a £6m (\$9.36m) investment in new equipment as part of a wide-ranging restructuring

programme. The group, which last year made a £22.4m provision to cover the reorganisation, said it would be closing its Ambergate factory in Derbyshire in mid-1996, with the loss of 120 jobs, and moving production to Cleckheaton, West Yorkshire. Mr Ron Petersen, chief exec-

would be offset by the creation of 60 jobs following the installation of new "wire drawing" machines at two other UK plants and one in the US.

"Our plant rationalisation and disposal programme is ahead of schedule," he said. "It will coincide with other manufacturing and marketing initiatives, designed to increase significantly Bridon's capacity to supply its key wire markets." Although this process could

lead to further redundancies, the group said further provisions were unlikely this year. While the Ambergate closure restructuring provision, the investment in new equipment has been offset by funds from the disposal programme.

has raised more than £18m from disposals, including £13m from the disposal if its enganeering companies and £4.5m from the sale of its disused Wakefield plant to Kingfisher, the retail group.

"We're about 20 per cent through the restructuring," Mr Petersen added, "Now it's time to do something this company has not done for 10 years, it's

Welsh gold mine joins matched bargain market

By Kenneth Gooding, Mining Correspondent

A small advertisement in the Financial Times mentioning that a gold mine in Wales was for sale resulted in Mr Roland Phelps, 41, acquiring the Gwynfynydd mine near Dolgellau in the Snowdonia National

fynydd mine because, while at Leeds University studying for a combined mining/geology degree, his thesis was about the Welsh gold mines. "It was the only mine with decent reserves," he says. Mr Phelps spent £1.25m on buying the mine and improv-

ing it and its associated jewellery and tourism operations. This week he is bringing Welsh Gold to London's 4.2 market which allows deals on a matched bargain basis - via a public offer and placing on terms that value the company at £5.6m (\$8.73m).

Sponsored by Brook Corpo-

rate Finance of Birmingham

the fully underwritten issue is raising £1.5m gross and £1.3m after expenses. Mr Phelps, who made "a small stake" mining in Canada then built up a family property, construction and leisure company in London, will swap £1m of his invest-ment for 73.4 per cent of Welsh Gold and receive £250,000 cash. Gwynfynydd is claimed to be Britain's only working gold



Ore from Britain's only working mine on its way to processing

mine. Such is the demand for Welsh gold that the company can charge three times the London Bullion Market price. This premium carries through to the jewellery Welsh Gold manufactures and sells at its shop. Mr Phelps has also built up a tourist attraction at the

Proceeds of the offer will be used to increase the mine's

capacity and enlarge the jewel lery operations. The pathfinder is no profit forecast.

prospectus suggests the mine might produce 2,450 troy ounces of gold a year after expansion compared with its present 980 ounces. But there JP Jenkins has agreed to

make a market in Welsh Gold See Observer

BAA plc results for the nine months ended 31 December 1994 (unaudited)

	9 months to tember 1994	9 months to 31 December 1993	change
Passengers	69.3m	64.5m	+7.4
Revenue	£926m	£873m	+6.1
Pre-tax profit	£328m	£292m	+12.3
Earnings per share			
(after one for one capitalisation issue	23.9p	21.1p	+13.3

Airport operator BAA plc has announced pre-tax profit for the nine months to 31 December of £328m, up 12.3%, with revenue of £926m, up 6.1%. The financial performance reflects the strong growth in passenger numbers together with increased income from retailing and property at the airports. The Company has continued to keep tight cantrol of its aperating costs and productivity measured in terms of passengers per employee improved by 5.9%.

Passenger numbers increased by 7.4% and revenue from airport charges was £336m (1993: £314m), a rise of 6.8%. The Company is forecasting passenger growth of around 7% for the

Retail revenue rose to £402m (1993: £366m), up 9.8%, despite continuing building work taking place in airport terminals. Much of the redevelopment is due to be completed by

Airport property income rose by £8m to £119m reflecting the

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 31 DECEMBER 1994

31 March 1994	31 De	1994	31 December 1993
			(unaudited)
<u>Σm</u>		ध्य	<u></u>
1,098	Revenue	926	873
(730)	Operating costs	(569)	(545)
368	Operating profit from continuing operations	357	328
(46)	Interest	(29)	(36)
322	Profit before tocation	328	292
(82)	Taxation (see note 4)	(85)	(77)
240	Profit after taxation	243	215
23.5p	Earnings per share (pence) (see note 5)	23.9p	21.1p
STATEMENT	OF TOTAL RECOGNISED GAINS AND LOSSES		
240	Profit after texation	243	215
340	Unrealised revaluation surplus	10	(3)
580	Total gains and losses relating to the period	253	212

 This statement has been prepared in accordance with the accountainory financial statements for the year ended 31 March 1994. statutory maneral statements for the year ended 31 March 1994.

2. The figures for the year ended 31 March 1994 are entracts from the published accounts. A copy of the full accounts for that year, on which the Auditors have issued an unqualified report, has been delivered to the Registrar of Companies.

3. The interest charge is shown not of interest capitalised of £34.7m (31 December 1993; £21.7m;

4. The taxation charge for the nine months ended 31 December 1994 has been based on the estimated effective rate for the full year.
5. Earnings per share comparatives have been adjusted for the one for one capitalisation issue. pproved by shareholders at the Company's Annual General Meeting on 14 July 1994.

Our registrars are: Bardays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, Telephone: 081 650 4866.

contribution from new facilities such as the Compass Centre for British Airways at Heathrow, BAA has recently announced a programme to improve and expand its airport property portfolio.

Capital expenditure rose to £307m (1993: £175m) reflecting the major improvement programme currently underway in airport terminals and construction of the Heathrow Express. Despite the partial collapse of a tunnel nn the Heathrow Express project, construction is commuing and BAA believes that there is unlikely to be any significant financial impact on the Company. Gearing remains at just below 30% with interest cover of 5.7.

Chief Executive Sir Juhn Egan cummented, "The nine month trading performance shows the Company's airports benefitting from strong traffic growth as the worldwide economy recovers and we expect this to continue into 1996. Our strategy of developing core business skills and controlling costs has enabled us to capitalise on this growth which confirms our confidence for the remainder of the current financial year and for the long term."

CONSOLIDATED BALANCE SHEET

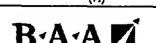
31 March 1994		31 December 1994	J1 December 1943
17-4		1774	(menqueq)
Σm		4m	
3,604	Freed assets	3,865	3,164
(238)	Net current liabilities	(291)	(122)
3,366	Total assets less current liabilities	3,574	3,042
(823)	Creditors: amounts due after one year	(816)	(810)
2,543	Share capital and reserves	2,758	2.232
	Net asset value per share	_	
52.49	(see note 4)	\$2.711	\$2.18

not the brush was sense; up's investment properties included within fixed assets are shown at 31 March 1994 adjusted for material changes in circumstances and further expenditure since that date, back assets include 1983 in representing expenditure to date on Terminal 5 (A) December

Arport fixed assets include a record aspectation.
 1932: £65.4m; 31 March 1944: £76.2m.)
 1933: £65.4m; 31 March 1944: £76.2m.)
 Labilities include borrowings of £05.3m (31 December 1993: £797.8m; 31 March 1944: £814.8m.
 Both comparatives have been restated in accordance with FRS 4. Capital Instruments).
 Net asset value per share comparatives have been adjusted for the one for one expendisation issue approved by shareholders at the Company's Annual General Meeting on 14 July 1994.

CONSOLIDATED CASH FLOW STATEMENT

31 March 1994		I December	31 December 1993
			(unundited)
Em		Ľm	Σnı
474	Operating activities	354	388
	Returns on investments and		
(161)	servicing of finance	(103)	(90)
(70)	Tax paid	(27)	(25)
(236)	Investing activities	(295)	(164)
7	Net cash (outflow)/inflow before financing	(71)	113
22	Financing	(12)	36
	(Decresse)/increase in cash and	• •	
(15)	cash equivalents	(59)	77
7		(71)	113



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800,000 60,000,000 Ordinary shares of 2p 1,200,000

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Listing Particulars relating to Wessex Trust may be obtained (by collection only) from the Company Announcements Office of the London Stock Exchange during usual business hours on 31 January and 1 February, 1995 and during usual business bours on any weekday (Saturdays, Sundays and public holidays excepted) from 31 January, 1995 up to and including 14 February, 1995 from:

Raphael Zorn Hemsley Limited 10 Throgmorton Avenue London EC2N 2DP

Wessex Trust PLC The Estate Office Slades Farm Thorncombe Street Bramley, Guildford Surrey GU5 OLT

31 January, 1995

40,000,000

Cargo Clubs fail to deliver the goods | Kleinwort denies sale but

hen Mr David Poole resigned in October as chief executive of Nurdin & Peacock, the cash and carry operator, the company was quick to stress that his departure would not affect the ambitious strategy he had put in place.

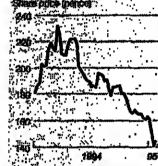
Four months later, observers are questioning whether the group, still without a chief executive, can really maintain that course, Moreover, N&P is now being talked about as a possible takeover candidate.

Worries about N&P were aggravated by the £16.2m (\$25,3m) exceptional charge to 1994 profits it announced nearly two weeks ago. The charge was more than £4m higher than indicated at the time of the interim results and exposed just how many problems Mr Poole's initiatives were creating.

Profits for the year are now expected to be between £15m and £18m, against £32.1m last year. The shares have fallen from a high of 234p last year to

141p yesterday. No one denies that the management needed to introduce changes. Cash and carry stores sell food items in bulk and at large discounts to independent

Nordin & Peacock



Share price (pence) Bourse: FT Graphite

have been whiplashed by the expansion of Sunday trading and price competition between large supermarket chains and

grocers. But these customers discount stores. N&P's like-forlike sales fell by 7 per cent in 1993 and 1 per cent in 1994. Mr Poole said in 1993 that

traditional cash and carry business had "no future". N&P's strategy was to broaden its customer base. Its stores were converted into Trade and Business Ware-houses supplying stationary as well as food products. The group expanded in northern

England with the £21.9m acquisition in May of M6, a cash and carry chain with 10 outlets. Most ambitious of all, last year it opened three Cargo Club warehouse ontlets, USstyle shopping clubs. According to Mr Bill Currie, analyst at Barclay de Zoete Wedd:

Any one of these initiatives

would have been a huge strain on management." The diversification into new products exposed the group's lack of experience in non-food merchandise and the strain on working capital turned £2.7m of interest income in 1993 into

a charge of £1.5m in 1994. However, Cargo Club has caused the biggest problem. In the US, where it was introduced in the 1970s, the concept has been a great success. It offers large discounts to feepaying members on items such as food, clothes and electrical goods at huge out-of-town warehouses. By 1993 they had 21m members in the US and accounted for an annual \$35bn

N&P opened its first store in



David Poole: changes aimed at broadening the customer base

Croydon, south London, in March with a fanfare of publicity and a prediction that the company would have 30 ware-houses by the end of the century. But the three opened so far incurred operating losses of between £3 and £4m in 1994 and ran up marketing costs of £3m. In the words of one analyst, "they have been an unmitigated disaster".

Critics say that N&P's approach of trying to attract retail customers, spending heavily on marketing and stocking a wide range of prod-

ucts ignores the US experience that warehouses survive on minimal costs and by selling a small range of items in bulk. Mr Paul Morris, analyst at Goldman Sachs, said: "The

warehouses in the US that

have fallen have been the ones

that went for retail custom-

ers." According to Mr Nigel Hall, finance director at N&P: There is not a cash and carry industry of any size in the US so we have to differentiate. People in this country like to

see a wide range of options."

The sale of Cargo Club is now widely rumoured. The most likely buyer would be Costco Europe, which is 60 per cent owned by PriceCostco, the largest US warehouse operator which opened the first UK warehouse in Thurrock, Essex in 1993. Other large US opera-tors such as Wal-Mart could see it as an opportunity to get a foothold in the UK market.

Mr Hall said that "it is not the case yet" that N&P would need to sell the Cargo Clubs. which currently have 115,000 members, because of the losses they were making. He added that N&P had been "in conversations with various parties" about providing finance for

he falling share price means that N&P now has a market capitalisation of £179.5m, against net assets of £145.5m at the half year end on July 1, encourag-ing talk of a possible takeover.

All previous speculation was academic because 28.9 per cent of the shares are controlled by the Peacock family. However, some brokers now believe that Mr Michael Peacock, who was chairman until 1991 and is now honorary president, would be prepared to sell if the right offer came along. Mr Peacock dismisses this as rumour: "1 hope N&P will go on as an

independent company."

The obvious candidate would be SHV, the Dutch private company which owns Makro, the wholesale store chain, and which has a 14 per cent stake in N&P. SHV has never declared aggressive intentions, but market observers believe that if It did want to make a move, now would be the time.

SHV said the N&P stake was "a financial investment" and that "we have our hands full with Makro at the moment".

dividend is lifted from 4p to 5p. The group does not expect

keeps its options open

FINANCIAL TIMES TUESDAY JANUARY 31 1995

By Nicholas Denton

Kleinwort Benson is keeping open the possibility of an alliance, despite denying last week that it was in discussions with Dresdner Bank or any other potential buyer.

An internal memorandum sent last Friday by Lord Rockley, the chairman, to directors of Kleinwort, makes clear that the house is keeping open its options

"In the belief that we are perceived to be an increasingly successful and growing busi-ness, I do not find it surprising that we are the object of some attention," Lord Rockley writes. "If this results in overtures being made, we shall be able to deal with them from a position of strength."

Lord Rockley, confirming the existence of the memo yester-day, said it would be irresponsible to rule out any option. We would look at anything on its merits," he said.

In the statement to the Stock Exchange, which went out on the same day as Lord Rockley's internal communication, Kleinwort made no reference to its attitude to a bid. The memo expands on Kleinwort's posi-

But it gives no hint that Kleinwort is actively looking for a partner or buyer. "We are pursuing our three year plan for Kleinwort Benson operating as an independent entity, directors were told, in a reference to the budget plans drawn np last autumn for

The statement to the Stock Exchange appears to have calmed last month's specula-tion about a bid for Klein wort. The shares, which hit 653p at one point last Friday, closed yesterday at

Many analysts have become stronger in their belief that a deal is unlikely. Mr David Poutney, merchant bank analyst at stockbrokers Collins Stewart, said: "The rumours about Kleinwort Benson are 100 per cent misplaced."

Kleinwort reports its 1994 results later this month and analysts expect it to show pretax profits of £88m-£105m, down on the £111m recorded in 1993, but atill more resilient than other UK investment banks such as S.G. Warburg.

Filtronic Comtek plans expansion

By Geoff Dyer

Shares in Filtronic Comtek, the manufacturer of components for the cellular mobile telecommunications industry, rose 20p to 189p yesterday after it reported trebled interim prof-

Professor David Rhodes, executive chairman, said the rapld growth of the cellular market was responsible for the increase in pre-tax profits from £438,000 to £1.5m (\$2.34m) in the six months to November

30, on sales ahead from £3.3m

to £12.1m. Between £6m and £7m is being spent from cash resources in the next 12 months on new manufacturing facilities in Shipley, Yorkshire, and in Salisbury, Maryland, and on expanding existing facilities in Scotland and New

Hampshire. New customers for Flitronic's devices for mobile telephone base stations include Matra and Hughes Network

Systems. Prof Rhodes expects market demand to increase for the next five years. "The key challeage for us is recruitment and our ability to find the right calibre of people here and in the US," he said.

The results were in line with expectations at the time of Filtronic's October flotation, Panmure Gordon, the house bro-ker, forecasts full-year profits of £3.2m with £5.75m for

Prof Rhodes, the Leeds Uni-versity academic who formed the original Filtronic company in 1977, denied that it had been undervalued at flotation when the shares were priced at 105p. A number of new issues were postponed at the time because of market conditions.

Earnings per share jumped to 3.23p (1.17p). The company intends paying its maiden dividend with the final res-

German setback for Caldwell

Foreign exchange losses, property provisions and a 13 per cent decline in sales in its main German market led to a sharp downturn in profits at Caldwell Investments, the USM-traded textiles group.

Pre-tax profits for the year to October 31 fell from £487,900 to £179,000 (\$279,000). Turnover rose from 26.78m to

The pre-tax figure was struck after a £100,000 exceptional charge this time.

The company, which sources manufacturing in low-cost countries, is to apply for a full listing and change its year and to December.

First sales of Bomenian made shirts to the US began in the last quarter and a large increase in this business is projected for the current year. Earnings per share fell to 1.250 (4.65p). The final divi-dend is held at 0.6125p, giving a same again total of 1p.

RSH seeks funds for purchases

As the first move in a planned series of acquisitions in the UK and US, Richbell Strategic Holdings, the information processing and media group, has started dealings under Stock Exchange Rule 42, dealing on

a matched bargain basis. The company has 83.5m (\$78m) at the expected opening other Asian markets. price of 60p per share.

RSH has as its principal investment a 33.5 per cent stake in H-G Holdings, a US group which provides room and furniture group, has employee expense management services.

Inchcape

Inchcape, the international services and marketing group, is to be the exclusive distributor for Timberland, the US footwear and clothing manufacturer, thronghout the Asia Pacific region.

As part of the agreement Inchcape is acquiring Timber-land's Australian and New Zealand businesses for a total of \$24m. It also been appointed distributor for Japan and

Under a new 10-year agreeshares in issue, giving a mar-ment, Inchcape will continue ket capitalisation of £50m as Timberland's distributor in

Spring Ram buy

Spring Ram, the kitchen, bath-

pany trading in France, for £1.1m (\$1.71). Les Ateliers, which makes a range of screens and shower enclosures, made pre-tax profits of £120,000 in 1994 on turnover of £5.7m.

NEWS DIGEST

Spring Ram made a number of expansion moves last year including the acquisition in September of Pland, the stainless steel sink manufacturer,

Filofax buy

Filofax Group has acquired its Danish competitor, Mercato Mercato, which operates exclusively within Denmark, supplies organisers, diaries and other dated products.

Zetters

acquired Les Ateliers de la Zetters, the football pools com-Motte, a privately owned com- pany with about 2 per cent of to 6.9p (4.2p) and the interim

the market, yesterday warned that the National Lottery had cut its revenues by 10 per cent so far in its second half. Shares in the group fell 3p to

125p.
Littlewoods and Vernons, the two companies that account for most of the market, indicated earlier this month that their revenues were down 10 and 15 per cent respectively.

Mr Terry Yardley, Zetters finance director, said the pools industry had been showing signs of recovery in the first half. The group had launched Kalendarforlag for DKr5m. an intensive cost-cutting programme following the launch of the lottery last November.

Pre-tax profits for the six months to September 30 were up from £421,000 to £690,000 (\$1.08m) on turnover up from £10.5m to £11.5m.

Earnings per share increased

pre-tax profits for the full year to be below the £1,02m of the previous year and the total dividend will not be less than the 8.5p paid last time. RESULTS

_ 9 cars as Dec 31 (271.4) (6.78) (2.73) (3.3) (12.4) APF & APF 20 __ Yr to Oct 31 __ Yr to Cct 31 404 8.05 Continental Foods _____ & cars to Oct 31 7.57 Motor World Y: to Oct 30 Property Trust 6 m2s to Sept 30 Wintrust 6 m2s to Sept 30 7.7 1.13 (0.713) 10.25 MA DI Investment Trusts Dividends shown net. Figures in brackets are for corresponding period. SUSM stock, AAtter E4.67m restructuring costs.

LVMH

MOET HENNESSY , LOUIS VUITTON

REPORTS 17.4 % RISE IN 1994 SALES

In 1994, the LVMH Moët Hennessy Louis Vuitton Group recorded preliminary consolidated net sales of FF 28 billion, an increase of 17.4 % over the 1993 level.

The major characteristics of 1994 were:

volume growth in all segments of activity;

· sales growth in all geographical markets; · recovery in champagne sales;

*higher sales growth in the luggage and perfumes segments than in the wines and spirits activities, confirming the validity of the Group's development strategy; a series of successful new product launches: the Targa line at Louis Vuitton, Tendre Poison and Hydra Star at Parfums Christian Dior, Fleur d'Interdit at Givenchy, Kashaya de Kenzo, the

Bazar line at Christian Lacroix: an acceleration of sales growth in the latter part of the year. * the acquisitions of Guerlain and Kenzo have strengthened the Group's brands, resulting in the world's most prestigious portfolio of premium perfumes;

n substantial reduction in financial expenses. By segment of activity. Group sales increased as follows:

In FF million	1993	1994
Champagne and wines	5,444	5,712
Cognac and spirits	5,846	5,983
Luggage and leather goods	5,665	6,716
Perfumes and beauty products	6,128	7,695
Other activities	736	1,868
TOTAL	23,819	27.972

Taking into account these favorable factors, LVMH continues to anticipate net income

growth of better than 20 % in 1994.

logistics and human resources.

The trends recorded in 1994 should contioue ioto 1995. Thu Group's major expectations for 1995 are as follows:

· continued economic growth in the Group's major markets, cotably the US and Asia, as well as even clearer improvement in Europe;

· further volume growth across all segments; · continuation of higher growth rate in perfumes and luggages;

· contioned profitability improvements in wines and spirits, particularly in champagne; ecompletion of Louis Vuitton's new production facility, which will strengthen its ability to meet growing demand;

new product lanoches, particularly at Parfums Christian Dlor, Parfums Givenchy, Guerlain and Louis Vuitton; exploitation of new synergies among Group companies, notably in distribution.

The Group will maintain its strategic focus on internal growth, though selective external growth opportunities will be considered as they arise. Reflecting all of these elements, the Groop has set for itself significant net income

growth objectives for 1995. The LVMH Group's full results far 1994 will be released on March 23, 1995.

LVMH, THE WORLD'S LEADING LUXURY PRODUCTS GROUP

National Bank Of Hungary U.S. \$100,000,000

Floating Rate Notes due 2000 Pursuant to Note conditions, notice is hereby given that for the interest period 30th January, 1995 to 31st July, 1995 (182 days), the following interest rates will apply:

15 YEAR LONG-TERM NOTES (Coupon No. 21)
Rate per annum: 73,%
Amount per coupon: U.S.\$ 372.85 Payable on: 31st July, 1995 3 YEAR SHORT-TERM NOTES (Variable Couton Numbers) Rate not applied at present



The Long-Term Credit Bank of Japan, Limited

London Branch Agent Bank

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(originally issued by rity Pacific Corporati in accordance with the terms and conditions of the Notes, notes is hereby given that for the interest period from January 31, 1985 to July 31, 1985 the Rate of Interest tes been fixed at 5,625 per cent and that the interest payable on the relevant interest Payment Date, July 31, 1995 against Coupon No. 19 in respect of NLG 50,000 nominal of the Notes will be NLG 1,414.06 and in respect of NLG 100,000 nominal of the Notes will

due 1996

ABN AMPRO Bank NLV.

ECU 300.000.000 Kingdom of Belgium Floating Rate Notes due 2000 For the period from January 31, 1995 to April 23, 1995 the Notes will carry an interest rate of 634% per annum with an interest amount of ECU 1,465.10 per ECU 100,000 Note The relevant interest payment date will be April 23, 1995.

n Banque Paribas

U.S. \$100,000,000 Allied Irish Banks Plc of interest the company Acts, 1922 to 1920 Subordinated Primary Capital Perpetual Floating Rate Notes in accordance with the provisions of the Notes, notice is hereby given, that for the three months into The Wilder County States Period Total Agent 28, 1995 the Notes will carry an interest Rate of 6,8125% per annum. The Interest payment date April 28, 1995 against Coupon No. 38 will be U.S. \$104.64 and U.S. 54,115.86 respecifiely for Notes in U.S. 34, 15, 19 19-specifiely for Notes in denominations of U.S. \$10,000 and U.S. \$250,000. The sum of U.S. \$164,84 will be payable per U.S. \$10,000 principal amount of layermy Notes. By: The Charty Manhatta Louiss, Asset Sant January 31, 1995

Republic New York Corporation U.S.\$150,000,000 For the six month period January 31, 1995 to July 31, 1995 the Notes will corry on interest rate of 6.9375% per annum with an interest emount of U.S. \$348.80 per U.S.\$10,000 Note payable on July 31, 1995. January 31, 1995 By: Citibank, N.A. (Issuer Services) Agent Bank



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USD 250.000.000, floating rate due 1997 applicable interest

rate for the interest period from 26.01.1995 up to 26.04.1995 as

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Conference	1	995
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International Conference: TEL AVIV SHERATON HOTEL, ISRAEL: March 20 & 21, 1995

Tobics include:

Derivatives: New Product Developments Derivatives in Institutional Fund Management - The Private Client Portfolio and the Use of Derivatives "Alternative Investment Strategies "Derivatives in Foreign sent Currency Return and Risk . Monitoring Risk/Reward in the use of Derivatives . sage Management * Currency Return and Risk * Monitoring Risk/Reward in the use of Dezivariv Information Technology * Legal and Tax Implications * New trends in Detivatives Management

		Speakers from: .
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٠	BZW Futures	•
•	Sample Companies Decisions	

◆ Kleinwort Benson Limited

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♦ Singer Barnes & Co Investment House ◆ Clali & Associates, Edmond De Rothschild Group ◆ Origo Currency Management Ltd

◆ Luboshitz, Kasierer & Co Mint Investment Management Nomira International ple Courts & Co ♦ MeesPierson Derivatives Limited Quantee Limited ♦ Maoffin Futuristic Instruments Limited ◆ Arthur Andersen & Ca ◆ Yield Enhancement Strategists ◆ Rosenberg, Levinson, Yanay & Cu

 United Mierahi Bank and by THE CHICAGO MERCANTILE EXCHANGE Co-Sponsored by RZW FUTURES Arranged by CADOGAN FINANCIAL AND MANAGED DERIVATIVES In experient with European Managed Futures Association

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Publishers to join fight against 'paper' protesters

M.545 415184

Leading north American publishers plan to join forces with the forest products industry to hunt environmental protests against forestry practices in the US and Canada.

About 75 producers and con-sumers will discuss their strategy at a meeting in Montreal on Thursday as part of tha Canadian Pulp and Paper Association's annual meating. Among the publishers to be ented are The New York Times, Dow Jones and Co and Knight-Ridder. The producers will be led by the chief execu-tives of Abitibi Prica, the world's biggest newsprint producer, and Avenor.

Proposals on the agenda include the creation of an international paper council, which would promote the use of paper and attempt to counter protests against ecological damage caused by commercial forestry. A joint advertising campaign will also be

The publishers are con-

cerned at an escalating campaign by environmental groups, such as Greenpeace, to draw them into protests which have so far been directed at the forestry industry.

Environmentalists organised boycotts in Europe last year to draw attention to tree-cutting practices in British Columbia, especially the harvesting of "old growth" forests.

The producers are confident they have weathered the worst of the protests. However, environmentalists recently launched a letter-writing campaign against newspaper and magazine publishers and have organised protests ontside ir offices The association yesterday

painted a rosy picture of world pulp and paper prospects.

Mr Kevin McElhaton, the association's chief economist, said that, with economic growth continuing across north America, Europe and Asia in 1995, "this is the best scenario wa've seen for many

Mr McElhaton forecast that

grow by an average of 2.7 per cent annually over the next 3 years, while snpply will expand by only 1.2 per cent a year. The ratio of demand to capacity is expected to reach a record 96 per cent in 1997, up from 93 per cent this year.

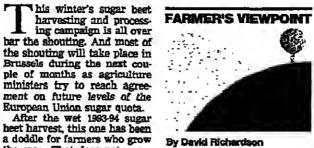
No new newsprint projects are on the drawing board in north Amarica, and only two new mills are due to come onstream in Europe hefore Pulp and newsprint prices

have risen dramatically in the past year. Abltibi-Price last week announced that newsprint transaction prices will rise to US\$675 a tonne on May 1 compared with US\$420 at the beginning of 1994.

Alison Maitland writes: European paper prices continue to rise with Kymmene the Finnish pulp and paper group, announcing that Its lightweight coated paper used for magazines and catalogues - will go up hy 15-20 per cent at the end of

Sweet harvest faces sour taste of politics

The UK is in a strong position as it approaches EU talks over sugar quota levels



a doddle for farmers who grow the crop. That does not mean yields have been universally good. Indeed, they have been wall down in some areas, This year, however, our dirt tares (soil or mud attached to the roots which is deducted including my own in central Norfolk But the difficulty, and from the gross weight delivered) were down 33 per cent on therefore the cost, of harvesting has been much redoced last year and our average and damage to soil structure. sugar content per root was up so much a feature in 1994, has from 17.1 per cent to 17.5 per cent. All of which helps to been minimal.

We still have about 20 lorry loads of roots to send to our local factory before it closes on or about February 8. Our estimate, based on most

of our crop sent for processing so far, suggests that this year we will average about 16.8 tonnes an acre of clean beet. Adjusted to 16 per cent sugar equivalent (the basis of pay-ment by British Sugar which purchases all the sugar beet grown in the UK), this comes to 19 tonnes an acre. Last year, in spite of the dreadful conditions, the figures were 18.25 tonnes an acre and 21.5 tonnes an acre respectively.

Taken together, the ups and downs across the country seem likely to result h a national crop of about 1.25m tonnes. This is substantially above the present 1.114m-tenne UK A and B quota, which attracts a guaranteed price, and means there

modate the extra roots.

compensate for the lower

yields this year, however. Brit-ish Sugar's York factory, for

instance, is running at 27 per

cent above quota tonnage and the management is planning to

extend the processing period

until mid-February to eccom-

Some areas have had better

sugar for sale at world prices, which will also find its way on to the UK market.

It has been suggested that this C, or surplus sugar, will be worth good money this year because of tight world supplies. Moreover, UK farmers with C beet are likely to tonne delivered to the factory. This compares with £35 a tonne for A and B beet this vear. C beet were worth £15 in 1994 and less than half that in previous years when world supplies of sugar were more

The fact that the UK has grown more than its A and B quota, in a year in which some other EU countries have failed to do so because of widespread drought last summer, puts this country in a strong position in the quota negotiatio

That Britain is allowed to produce only half of the sugar required for its domestic consumption and contributes nothing to the EU's annual exportable surplus of around 3m tonnes should also ensure British growers are not asked to accept a quota cut.

Indeed, even if other surplus producing countries have their sugar quotas cut in order to comply with the GATT agreement, which seeks to reduce the EU's volume of sugar

will be a quantity of so-called C export refunds by 36 per cent, there is a strong case for an increase in quota for the UK. The proposal on the table,

admittedly, limits the UK's quota cut to 28,000 tonnes of sugar, which does not sound too drastic against the present quota total of 1.114m tonnes. This figure would not be fixed. however, but subject to annual review. Moreover, if EU sugar consumption were to fall the UK's cut would be bigger.

Furthermore, the UK's B quota (which has a lower guaranteed price than A quota) is only 10 per cent by weight of the A quota, Most other EU states have B quotas amount ing to 30 per cent of their A quota and benefit from having more sugar receiving a fully guaranteed price than the UK.

he entire UK sugar beet Industry is, in fact, united in resisting any kind of cut to UK quotas. Not only would this mean reduced plantings for farmers of a crop which is economical in its use of resources and therefore environmentally friendly, but also a cut in production at processing factories.

That, in turn, would lead to sugar rationing for UK consumers and draw in supplies from other EU countries where there are hig surpluses. Because the price of this sugar exports by 21 per cent and its is guaranteed, there would be but such an influx would be damaging to UK farmers and the trade balance.

It would accelerate moves which are already on the horizon; namely the exodus of food manufacturers from Britain. where one of their main raw materials - sugar - is in short supply, to other EU countries where there are ample

Such companies would then regard the UK as an off-shore island which would be forced to import their products, with obvious implications for the balance of payments.

To sugar beet growers and processors, the arguments are compelling ond lrrefutable Tightening world supplies of sugar, together with higher prices should remove some of the external political pres-

But knowing something of the horse-tradiog which goes on in Brussels, British farmers greatest fear is that a few tonnes of sugar quota may be given away in return for an EU deal on animal welfare.

Sugar beet growers, such as myself, would like to see a solution to animal welfare problems. But we would find it difficult to see the justice in linking them to spear. We trust Mr William Waldegrave, the UK agriculture minister,

Chinese exports hit lead and zinc

Mining Correspondent

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A surge in exports from China blighted lead and zinc markets in 1994 even though demand for the metals outside the former eastern bloc countries reached record levels, according to preliminary estimates from the International Lead & Zinc Study Group

China's zinc exports jumped by about 60 per cent from the 1993 level to more than 200,000 tonnes, enough to push the market into a supply surplus for the fifth successive

:: (.): : to year The country's lead exports rose by 50 per cent to 120,000 tonnes. Nevertheless, the study group suggests the lead market, after two years of substantial over-supply, returned to near-balance: a supply deficit a surplus of 128,000 tonnes in 1993.

Zinc consumption increased by 193,000 tonnes to a record 5.72m tonnes, 3.5 per cent ahead of 1993 and 6 per cent up on the 1992 total.

But mine output of zinc was down nearly 1 per cent at 5.18m tounes while production of slab zinc fell by 1.2 per cent to 5.38m tonnes. Total net imports to the west from eastern countries are judged to have risen by 7.4 per cent to 495,000 tonnes. The US national stockpile sold 40,000 tonnes.

Total reported stocks of zinc are now 16m tonnes of which more than 70 per cent is held in London Metal Exchange warehouses. Substantial quantities of Chinese zinc were delivered to LME warehouses in Singapore.

The study group, an inter-governmental organisation nanced by about 30 producing countries, estimates that lead consumption reached a record 4.73m tonnes last year, up by 5.3 per cent from 1993. Much of the increase came from the US where consumption of lead in the past two years has jumped

Mine output of lead edged ahead by 0.8 per cent to 2.01m tonnes while production of refined lead also marginally increased, by 0.8 per cent, to 4.47m tonnes. Net imports from eastern

by 19.4 per cent.

countries are estimated at 170,000, up 13.3 per cent, and disposals by the US stockpile totalled 65,000 tonnes. Lead stocks at the year-end were an estimated 616,000

tonnes, down by 5.2 per cent

GRAINS AND OIL SEEDS

MI WHEAT LCE (2 per torme)

from December 1993.

MARKET REPORT Copper dictates trend in test of base metal prices

A wave of speculative and investment fund selling yesterday knocked base metal prices sharply lower in early dealings on the London Metal Exchange. But later they staged a limited recovery.

Confidence among traders was shaken when technical support levels were breached. but many ended the day in better spirits. "Copper survived its test this morning and has had a good bounce since," one dealer said. COPPER dictated the movements of other metal prices throughout the day, be added.

At one time copper for delivery in three months fell to \$2,937 a tonne before climbing back to close at \$2,969, down \$23,50 from Friday's close. Technical support between \$2,950 and \$2,953 was broken with ease in an active pre-market session. The next impor tant technical support level is

said to be at \$2,888, but the

close back above \$2,950

enhances the short-term outlook for prices, say chartists.

However, further sharp corrections have not been ruled out in the long term. "If copper falls, it falls fast and hard. I don't think the bull market is over yet, but I do see a major sell-off... in copper possibly to \$2,600," said Mr Stefan Judisch, vice-president of Commodity Risk Management at Union

ALUMINIUM prices hovered near \$2,100 a tonne during a

Bank of Switzerland.

bout of early selling, hut hounced to close at \$2,122, down \$17.50 a tonne. Volumes in the rings were said to be

News that Russian aluminium exports in 1995 were likely to be similar to the 2.2m tonnes exported last year bad little effect on prices, traders

If aluminium falls below \$2,100, significant technical support might not emerge until \$2,018 to \$2,020, hased on recent lows, chart traders

Three-month NICKEL closed above the \$10,000 a tonne barrier having slipped to \$9,855 at one stage yesterday. It ended at \$10,067.50, down \$157.50. ZINC prices followed the trend set by copper for most of the day, it closed down \$20 at \$1,157.50, off a low of \$1,150 a

tonne. Traders suggest the next technical support level is at \$1,139 to \$1,140

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE, M ALUMINIUM, 99.7 PURITY (\$ per tonne)

2054-4.5

Open Int.	228,430	
Total delly turnover	57,410	_
ALIAMINIUM ALL	CY (S per tonn	6)
Close	1990-2000	2030-40
Previous	2030-40	2070-80
High/low		2020/2010
AM Official	1965-76	2010-15
Kerb close		2030-40
Open Int.	2,742	
Total daily turnover	267	
III LEAD (5 per tonne	<u> </u>	
Close	656-9	675.5-6.0
Previous	673.5-4.5	690-1
High/low		685/865
AM Official	648-9	668-9
Kerb closs	or be sufficient	675-6
Open Int.	39,661	
Total daily turnover	7,709	
M NICKEL (\$ per tor	vno)	
Close	9890-900	10065-70
Previous	10050-00	10220-30
High/low		10100/9855
AM Official	9685-95	9855-60
Kerb close		10030-40
Open Int.	67,917	
Total daily turnover	19,294	
MI TIN (5 per tonne)		
Close	6190-200	6293-5
Previous	6305-1S	6405-10
High/low		6350/6200
AM Official	6145-65	6250-60
Kerb close		6285-80

cial high grade (5 per tonne) 1129-30 1150-1 Previous
High/low
AM Official
Kerb close
Open int.
Total delly ternover 1128-8.5 E COPPER, grade A (S per tonne) 2968-70 2992-3 2975/2937 2953.5-4.0

III LIME AM Official 2/5 rate: 1.5890 LME Closing E/6 rate: 1.8981 III HIGH GRADE COPPER (COMES)

PRECIOUS METALS

M LONDON BULLION MARKET (Prices supplied by N M Rothschild 377.50-377.90 375.90 375.90 375.30-375.70 378.20-378.50 id Lending Rates (Vs USS) Loco Ldn Meen G

p/troy 02. 294.20 298.55 Silver Fix Spot 487.50 473.90 303.75 316.00 £ equiv. 238-241 \$ price 378-381 387,20-359,65

Precious Metals continued GOLD COMEX (100 Troy az; \$/troy.az.) 376.6 · 377.5 376.0 20,861 37,851 377.7 +0.1 377.7 +0.1 7.8 378.3 578.0 45.975 378.4 +0.1 378.8 378.3 57.80 45.975 362.9 +0.1 383.3 382.1 28.474 5.858 386.9 367.3 389.2 15.380 439 381.0 4.701 4 III PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 418.7 +3.7 418.9 413.5 17,481 3,853 422.5 +3.7 423.0 418.0 4,317 52 429.7 +3.7 · 1,125 5 430.4 +3.7 · 190 · 21,065 1,711 19270 +0.95 198.00 157.50 5.781 963 160207 +0.95 - 7,789 113 161.20 +0.95 - 276 1 161.95 +0.95 - 53 1 7,888 1,187 SILVER COMEX (100 Troy oz.; Cents/troy oz.) E CRUDE OIL IPE (\$/barrel Latest Day's price change 16.43 +0.04 16.36 +0.02

18.05 +0.10 18.10 17.50 96.296 65.614 17.93 +0.07 17.97 17.84 \$2.863 23,348 MI HEATING OIL MYNEX (42,000 US guils; cAS guils.)
 47.90
 +0.53
 47.00
 47.30
 15.105
 9.976

 47.90
 +0.48
 48.00
 47.90
 39.055
 15.522

 47.90
 +0.40
 47.95
 47.95
 15.145
 3.352

 47.90
 +0.35
 47.95
 47.75
 8.104
 1.569

 47.95
 +0.35
 47.75
 8.105
 8.335
 80

 48.15
 +0.30
 48.25
 48.05
 8.335
 80

 122,975
 35,783
 122,975
 35,783
 145.05 +0.25 144.00 143.25 41,715 145.75 +0.75 146.50 146.50 24,071 416.75 +1.00 147.25 148.50 18.074 147.25 +1.25 147.50 148.75 4,373 148.00 +1.00 148.25 147.50 8,782 149.50 +0.75 149.50 149.00 2,456 165,486 1 IN NATURAL GAS WAREX (10,000 mmBlu; StamBlu) -0.001 1,410 1,485 1,510 1,555 1.410 -0.013 1.480 -0.010 1.510 -0.013 1.550 -0.008 1.590 18.855 1.872 1.450 11,496 1.505 10,194 1.360 10,626 1.570 9,183 1.570

HYMEX (42,000 US galls.; cfUS galls.)

-0.32 56.10 55.40 8,039 5,597 -0.13 55.15 54.50 19,100 12,804 +0.04 87.05 56.70 15,725 5,206 -0.06 56.70 56.40 10,179 1,489 -0.11 56.25 56.40 10,179 1,489 -0.06 55.73 55.60 1,253 173

113.50 +0.05 113.25 113.25 99.05 +0.15 99.25 99.00 126 100.05 +0.10 100.25 100.00 1.537 102.06 +0.20 102.05 102.00 299 8,821 3684 +3/0 368/0 363/2 38,118 6,413 3554 +1/2 358/0 353/0 11,563 1,816 357/2 +1/4 357/4 355/0 18,144 3,286 342/2 +2/0 342/2 340/0 1,281 86 353/2 +2/2 353/4 351/4 614 64 356/4 +1/4 - 14 -MAZZE GST (5,000 bu min; conta/56to bushel) 229/4 - 2/6 231/4 228/6111,415 15,042 237/0 - 2/2 238/4 238/0 68,226 4,545 240/7 - 2/0 245/4 241/2 60,245 3,940 247/6 - 1/0 248/4 246/4 8,510 271 233/0 -0/2 253/0 251/4 47,005 1,836 258/2 -0/2 259/2 258/0 5,818 395 IN BAPLEY LCE (2 per torne) 105.15 +0.50 105.00 105.00 +0.25 98.00 96.00 SOYABEANS CET (5,000bu mic; cents/60b bushel) -49 5524 5474 56,285 11,784 -42 551/0 556/0 31,158 3,161 -42 566/2 551/4 29,651 3,350 -49 556/2 550/ 3,278 220 -32 570/4 566/2 2,620 46 3,350 230 46 SOYABEAN O'LL CST (50,000fbs: cents/fb) 25.90 -0.00 25.92 25.62 27,177 25.90 -0.06 25.90 25.92 24,346 25.90 25.92 24,346 25.95 25.95 24,346 24,77 24,50 3,827 24,77 -0.01 24,55 24,70 4,737 24,55 -0.02 24,55 24,70 5,415 24,50 24 SOYABEAN MEAL CET (100 tons; \$/ton) -1.3 158.0 156.9 25.854 6.508 -1.1 190.1 158.4 22.414 2.753 -1.2 164.9 153.0 17.546 1.572 -1.2 160.0 164.5 6.505 68 -1.2 167.2 188.5 3.740 30 -1.4 188.0 168.4 6.906 45 -1.2 17.2 188.5 3.780 130 IN POTATOES LCE (E/tome) -5.8 --6.8 359.0 -5.5 -351.5 351.5 369.5 250.0 15 1895 4). 1 1875 251 1886 1,428 - 462 7 387 +35 +45 +52 +45 +45 1990 1905 1710 1710

108.95 +0.25 110.10 110.00 1,305 111.80 +0.30 112.00 111.85 1,977 113.50 +0.85 113.25 113.25 384 Mary Jul Sep Hov Total

Tee Tee Broker's Association reports, good demand. Assems edd well but at generally lower levels. Selected brightest East Africansmet good competition and prices advanced 2 to 3 penos. Lighter liquiding and most medium types opened from but closed 2 to 4 pence easier. Fair demand with prices again easier where sold. Quotations: best available 140p/lg., nort, good 122p/lg., good medium 112p/lg., medium 92p/lg., low medium 82p/lg. The highest price realised this week was 144p for a Barund pd.

MEAT AND LIVESTOCK I LIVE CATTLE CME (40,0000s; cents/bs III COCOA LCE (E/torne 74.250 -0.125 74.625 74.625 19.967 74.206 -0.575 74.625 74.600 42.666 87.500 -0.875 88.000 87.300 15.209 1003 995 35.025 708 1005 998 19,072 560 1012 1009 10,229 218 1026 1019 15,419 1,306 1035 1030 14,351 193 1045 1040 11,775 1,260 64.275 -0.775 84.800 64.200 5.583 65,125 -0.775 B5,550 65,075 66,000 -0.600 66,450 65,900 1363 1360 28,916 5,486 1411 1390 19,897 2,436 1452 1415 9,875 886 1448 1434 2,754 47 4,522 15 1480 1474 6,896 109 1373 1400 1428 1447 1458 1490 MI COCOA (CCO) (SDR's/torne) IN COFFEE LCE (\$/tonne) -92 27.55 2580 82 9
-78 2765 7690 12,181 3,222
-80 2720 2555 6,863 1,823
-80 2690 2695 2,787 230
-80 2690 2570 2,881 88
-83 2580 2695 783 13 157.45 -4.20 160.50 154.75 13.867 8,145 159.15 -4.05 169.30 156.06 10,340 1,894 199.50 -5.25 161.75 158.75 4,495 582 161.00 -4.30 162.50 159.30 2,889 234 161.00 -4.30 162.50 159.30 3,156 112 160.00 -2.50 199.30 159.30 3,14 9 Jul 115 95 78 COFFEE (ICO) (US cents/pound) Jan 27 Comp. daily _____ 15 day average _ E COFFEE LCE IN NOT PREMIUM RAW SUGAR LCE (conts/ba) 920 850 300 950 _____ BRENT CRUDE IPE Apr 11.85 CRUDE OIL FOB (per berrel/Mar) Dubal Brent Blend (dated Brent Blend (Mer) W.T.J. (1pm est) M SUGAR "11' CSCE (112,000ths; cents/lbs) 14.37 - 14.55 14.30 65.163 8,285 14.26 -0.06 14.49 14.23 44,400 7,610 13.54 -0.05 13.70 13.52 71.076 3,897 12.99 -0.03 13.10 12.58 32,856 496 12.69 +0.04 12.67 12.52 8,346 119 E OL PRODUCTS Ges Of Heavy Fuel Oil Naphtha Jet fuel 12.50 +0.02 12.55 12.55 2,309 III COTTON NYCE (50,000lbs; cents/lbs)

INDICES # RELITERS (Base: 18/9/31=100) CRE Futures (Base: 1967-100)

40,400 -0.190 40,650 39,950 7,208 3,293 40,250 -0.225 40,425 39,950 16,566 3,556 43.850 +0.300 43.650 43.250 3.183 1.383 44.325 +0.525 44.450 43.650 3.360 800-45.950 +8.300 45.600 44.750 1,921 48.200 +8.225 48.200 45.550 1,280 43.800 +8.200 44.200 43.750 248 52.500 +8.400 52.500 52.100 50 LONDON TRADED OPTIONS 72 93 118 153 182 213 LONDON SPOT MARKETS \$15,90-6,00t +0.23 +0.06 +0.14 \$18.05-8.071 -2 +1.5 \$160-163 \$150-151 94.35 +0.14 94.70 93.05 28.049 4.741 92.35 +0.50 92.75 91.30 16.381 2.799 90.18 +0.80 90.24 80.25 12.993 1.883 90.39 -0.22 80.17 30.10 4.095 473 74.45 -0.10 74.75 74.81 18.749 1.871 75.48 -0.07 75.50 75.40 823 613 75.991 18.16 ■ OTHER Gold (per troy oz) \$ Silver (per troy oz) \$ Plazinum (per troy oz.) Paliadium (per troy oz.) 145.0c 42.25c N/A 290.5c 102.70 +0.35 103.40 161.55 15,894 1,399 109.25 +0.10 107.00 105.50 3,488 147 109.55 +0.06 110.00 109.00 997 108 Tin (Kusis Lumpur) Tin (New York) 117.68p 118.91p 82.03p Cattle (live weight)†
Streep (live weight)† 112.85 · 111.80 +0.45 112.75 +0.50 - 114.25 112.80 2,852 .45 - 2,031 .50 - 809 - 2,031 36 - 809 -25,963 1,581 \$352.9 \$403.9 \$396.0 Lon. day sugar (raw) Lon. day sugar (wie) Tate & Lyle export E110.5 £141.0 Wheel (US Derk North \$165.0 Rubber (MS/)♥ Rubber (Apr)♥ Rubber (NL RSS No1)u 119.5p 120.0p 450.5m Coconut Oil (Philip

Palm Of (Malay.)§ Copra (Phil)§ Soyabeens (US)

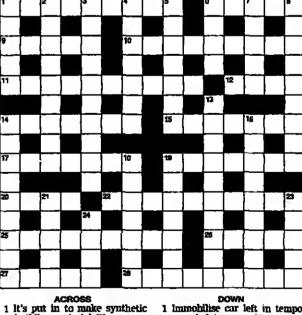
\$393.Dv

512p

Of broking and jolding the Pehkan's fond. See hore sweetly he puts your word onto bend Selikan 🖰 **JOTTER PAD**

CROSSWORD

No.8,674 Set by QUARK



transmission in two cricket terms (4,3,3)
One not fit is ineffective (7)

5 incorporated in former text

7 Very large turned up hat isn't

19 Punish company going into

Switzerland? (5)

(no longer existing) (7)

building material (9)
6 One who hoards from island
rary lodging area (5)
2 State a producer of 20 (9) in a foreign sea (5)
9 The girl's inane? Not so (5)
10 Victor I apset is about 51 and 3 Announcement of end o

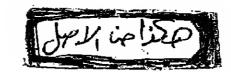
very hitter (9) cealing, it's said (10) turn (4)
14 Odd floe breaking up supplied
excessive quantity (7) 14 Odd floe breaking up supplied excessive quantity (7)
15 The best team is quite beefy 13 Mischievous and next to use-

(7)
17 Misrepresent pictures put back by dictator (7)
19 Billiard ball can be thus identified (7)
20 Medicinal preparation to less? (2.2.2.4)
14 Putting together student year appropriately (9)
16 Shy dog in unusual tint? (9)
18 Anteater can hide with camoulage (7) tified (7)
20 Medicinal preparation to remove wrinkles? (4) 22 Time order (10) sudden growth (7)
25 It describes plot in which we 21 Lightweight animal (5)

initially prepare ground 23 Produce some notes about roughly (9) 26 Standing up without a break 24 Brave, but could he dis-

27 Give up the profit (5) of accounts (9)

Solution to Saturday's prize puzzle on Saturday February 11. Solution to yesterday's prize puzzle on Monday February 13.



INTERNATIONAL CAPITAL MARKETS

Late fall in Germany drags down rest of Europe

By Graham Bowley in London and Lisa Branstan in New York

German government bonds fell in late trading yesterday, drag-ging other European markets

Bunds opened higher after Friday's rise in US Treasuries but data showing a share rise in German import prices, and comments by a Bundeshank economist that the central bank "must remain vigilant" on inflation, soon undermined market sentiment and trig-

gered profit-taking.
"The actual outlook for inflation is not as good as previous weeks figures have suggested and the market corrected for that today," said Ms Wandy Niffikeer, at IBJ International

Monatary and inflation data on 10-year bonds fell to 7.38 per last week had heightened speculation that the Bundeshank on the session's close. might revert to a variable rate repo at Thursday's council

Mr Stefan Schneider, at S. G. Warhurg in Frankfurt, said this speculation caused a 50 basis point drop in three-month money market rates last week, with markets anticipating an toterest rate of 51/2 per cent hy June, compared with 6 per cent at the begin-ning of the week.

However, yesterday's disappointing import data pushed expectations higher again, he said. In late trading, the March futures contract on DTB was down 0.26 at 90.27.

■ UK prices weakened slightly, although the yield spread over Germany nar-rowed as gilts outperformed

GOVERNMENT BONDS

hunds. Attention remains focused on Thursday's meeting between the Treasury and the Bank of England.

Short-deted gilts outper-formed longer-dated stocks hy around 2 basis points as market sentiment "shifted to the view that there will be no base rate rise after Thursday's meet-

money supply and lending data provided a further boost to the short-dated end of the market. Today is the deadlina for comments on the Bank of England's consultativa paper on the development of an open

■ In other European hond markets, yield spreads over Germany widened. In France, the March notional bond contract on Matif settled at 111.4, down 2 basis points, with the spread against German bunds widening to 69 basis points.

Dealers said Thursday's OAT anction was weighing on

gilt repo market.

ing", according to Mr Brian
Plaistowe at Nomura.

Weaker than expected M0

The long end of the US Treasury market yesterday morning gave hack some of the gains made in Friday's rally as investors waited to see what the Federal Reserve would do at the two-day meeting of its Open Market Committee set to begin today. At midday, the benchmark

30-year Treasury was down # at 96 to yield 7.750 per cent. At the short end of the market, the two-year note rose å to 100뿗, yielding 7.227 per cent. The consensus on Wall Street holds that the Fed will raise rates by 50 basis points and inflation will be held in

However, some fear of rising inflation was shown to the widening spread between yields on ditures were up 0.3 per cent.

two-year and 30-year notes, which grew to 52 basis points from 49 points late on Friday. Such a movement is generally interpreted as a signal that the market axpects economic growth, but some attributed yesterday's widening to short covering in the two-year mar-ket in preparation for an eco-

nomic slowing.
Income data released in the morning came in slightly stronger than expected while consumption figures were in line with economists' estimates. The Commerce Department reported that personal income rose by 0.8 per cent in December, compared with expectations closer to 0.6 per cent, and consumption expen-

Emerging market offers delayed

By Conner Middelmann

Planned international equity issues for a Pakistani cer project and a Philippine ship-ping company have been post-poned amid continuing nervousnass overhanging the emerging markets.

INTERNATIONAL **EQUITY ISSUES**

A \$70m offering for Hercules ent, which was dua to be priced yesterday, was pulled as market conditions in Pakistan deteriorated dramatically.

"During the two-week roadinvestors liked the company very much, but the markets were against us," said an official with lead manager ABN

The Pakistan stock index fell by more than 8 per cent last Tuesday and Wednesday. "That was too much to keep people interested," he said. The issuer and lead manager are now exploring a range of fundraising options to keep the project - a \$216m greenfield

project financing for tha Nishat Group - on course.

ABN Amro said it does not rule out a return to the equity market if conditions improve. An estimated \$28m to \$32m GDR issue for Pakistan's Synergy Synthetics, via Citibank, has also been pushed hack slightly and is not expected to come to the market until late

February.

The planned flotation of the Philippines' largest shipping company, William Lines, is another casualty of nervous conditions in the emerging

markets. Its planned \$100m offering, about half of which was to have been sold to international investors, has been postponed

improve, said lead manager Baring Brothers. The decision to delay the deal was taken after roadshows in Hong Kong, Singapora, Edinhurgh and London revealed a lack of investor

Everyone said they liked the company, but not in the current market environment," said a Baring official.
Philippine IPOs tend to

involve a three to four-week dalay between the time investors commit to buy the paper and they are able to trade it. "That can be a significant risk in these very volatile markets," said a dealer.

Moreover, a recent issue for the Philippine company Alaska Milk has set a discouraging Priced in early December at

6.1 pesos a share, it fell as low as 5 pesos in recent weeks and currently trades in the 5.20 pesos to 5.30 pesos range. While that represents a lim-

ited fall against the overall market, it nevertheless provided investors with a further excuse not to buy Philippine

In this anvironment, many doubt that a larger offering by Piltel, the Philippines talephone company, via Goldman Sachs and Baring will take place in early February as expected.

Another east Asian issue that many dealers do not expect before late February at the earliest is an estimated \$90m offering for Talwan's GVC Corporation, a computerrelated products maker, via Goldman Sachs and Carr Indo-

"Investors are not sure whether to return to the emerging markets," said one syndicate official. "If you don't know where your investors are, you are launching deals with a heavy blind spot."

Czech telecoms group sets loan benchmark

By Nicholae Denton

Spreads on loans to east European borrowers have narrowed dramatically with the latest deal from the Czech

SPT Telecom, the Czech telecommunications company, has set a new benchmark with a \$100m syndicated loan launched yesterday by Credit Lyonnais of France.

The arranger said the SPT loan would carry an interest rate of 35 basis points over the London interbank rate (Libor). The spread is much nar-

rower than that on recent loans taken out by borrowers from the Czech Republic and other east European countries. The interest rate for the SPT loan is well within that for the

local banks which pioneered

Czech companies' moves on to

the syndicated loan market. Ceskoslovenska Obchodni Banka, Komercni Banka and Investicni Banka, the three

largest Czech commercial banks, have borrowed at 70, 65 and 65 hasis points respectively

over Libor. SPT is the first Czech company to tap the international loan markets independently. CEZ, the electrical utility,

issued a eurobond last year. It is believed that the Czech Republic is also considering a syndicated loan in the light of aggressive, but successful pricing of the Republic of Portu-

gal's recent financing. SPT's loan sets a benchmark, not only for Czech borrowers but for the country's east European neighbours.

Terms have improved for most borrowers as banks have recovered their willingness to lend, but emerging countries like the Czech Republic and Thailand have experienced the most dramatic improvement.

Co-arranger on the SPT deal was Fuji Bank, Bank of America and Westdeutsche Landesbank were also involved.

Subordinated issues take centre stage

By Richard Lapper

Subordinated issues hy two financial institutions – Royal Bank of Scotland and Colonial Mntual - were the highlights of a quiet day in the euromarkets yesterday. The Royal Bank of Scotland re-opened an issue of 20-year

INTERNATIONAL BONDS

subordinated bonds, raising a further £100m after an initial issue of £150m in May 1994. UBS, the lead manager, reported good demand from UK life insurance companies and other investors interested in the longer end of the yield

The issue, which classifies as lower tier two capital for regulatory purposes, was priced at 120 basis points over the 8.75 per cent gilt due 2017 and held its price when freed to trade. Colonial Finance, the financing subsidiary of Colonial

Borrower US DOLLARS	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
Colonial Finance(s):	150	(m1)	100.00R	Feb.2005	unded.	-	Goldman Sachs Internations
STERLING Royal Bank of Scotland(b) GECC	100 100	0.825 9.00	97.538R 100.17R	Jun.2018 Feb.2000	0.625R 0.25R	+120(814%-17)	UBS Goldman Sachs International
SWISS FRANCS City of Vienne, Tranche 2(c)	150	6.375	102.80	Feb.2000	2.00		Credit Suisse
GUILDERS Rebobenk Nederlandid)	150	7.50	102.43	Dec.1999	1.875	, .	Rebobank Nederland
LUXUSMIBOURG FRANCS Banque UCL	2bn	7.76	101.85	Apr.1999	1.825		Benque UCL
Finel terms, non-callable unit Bloeting-rate note. R: flued re- Libor +75bp for 1st 5yrs and increased to SFr250m, d) Fun	offer price; fe +178bp there	es shown a after, b) Fu	st re-other le ngible with	evel. a) Calls 2150m. Phil	ble on an	y coupon date	from Feb.98 at per. a1) 6-mtl

Mutual, the Australian life tory capital falls by 20 per cent tha first time this year. Its insurance company, issued a \$100m 10-year step-up floatingrate note callable from Febru-

ary 1998. The bonds were priced at 75 basis points over Libor for the first five years of their life when they are treated as capital for regulatory purposes in their entirety.

Subsequently, the amount of the issue classifying as regula-

of its original value each year and the yield rises to 175 basis The bonds were placed with

institutional buyers, with two-thirds of demand coming from Asia, said Goldman Sachs, the lead manager. Elsewhere, GECC, the financ-

ing arm of General Electric, was again back in the markets, tapping the sterling sector for

£100m five-year issue was priced to yield 20 basis points over the relevant UK gilt.

The yield spread over the gilt widened when the syndicate broke, and the bonds were trading at 23 basis points over by late afternoon,

Syndicate managers at Goldman Sachs, which led the issue, said it was mainly tar-geted towards retail buyers. until market conditions

BENCHMARK	GOVE	RNME	NT BO	NDS				M BUNO	UTURES	OPTIONS	UFFE) C	M250,00	0 points	of 100%				FT-ACTUARIES	FIXED	INTERES	T IND	CES										
	Coupon	Red Date	Price	Day's change	Yield		Month ago	Strike Price	Mar	Apr C/	LLS -	Jun	Mar	Apr P	May	Ju	n	Price Indices UK Gitts	Mon Jan 30	Day's change %	Fri Jan 27	Accrued Interest	xd adj.								High coup in 30 Jan	
Austrella Austria Belgium Canada * Denmark	9.000 7.500 7.750 9.000 7.000	09/04 01/05 10/04 12/04 12/04	92.8500 99.1500 96.0600 96.0500 87,4700	+0.350 -0.080 -0.050 +0.150 +0.100	10.19 7.82 8.35 9.30 8.96	10,57 7,71 8,50 8,63 8,10	10.22 7.64 8.38 9.09 8.79	9050 9100 Est. vol. tota	0.69 0.44 0.26 I, Culu 188	0.83 0.44 0.30 322 Puts 686	0.80 0.60 0.44 I. Previou	0.95 0.75 0.58 dwy'n op	0,45 0,70 1.02 Inn Int., Ca	0.98 1,29 1,86 als 178494	1.18 1.45 1.76 Pute 1121	1.30 1.60 1.90 49	0	1 Up to 5 years (23) 2 5-15 years (22) 3 Over 18 years (6) 4 Irredeemables (6) 5 All stocks (60)	118.76 139.40 155.19 178.49 136.26	+0.10 +0.12 +0.15 +0.16 +0.12	118.67 139.64 154.96 178.21 136.31	1,49 1,59 0,76 2,44 1,46	1,59 2,83	8 yrs 18 yrs 20 yrs kred,†	8.69 8.47 6.43 8,69	8.61 8.48 8.46 8.50	5.85 6.40 6.51 6.62			6.50 8	1.76 8.8 1.81 8.8 1.73 8.7	2 8.6
France BTAN OAT Germany Bund	8.000 7.500 7,375 6.250	05/98 04/06 01/05 10/04	101,0900 95,7400 99,5400 63,2500	+0,050 -0.210 -0.210 +0.100	7.69 8.12 7.44 8.781	7,80 8,25 7,58	7.27 8.16 7.47 8.75			AN GOVT.		शान) हरा	TURES					Index-Hinked							Jan	30 Jan	27 Yr. 1	ego .	Jen S	Inflation 1 0 Jan 27	Yr. ago	
Ireland Italy Japan No 119 No 164	8,500 4,800 4,100	08/04	80.5400 103.9800	+0.140 +0.060 -0.030		8.78 11.87 3.84 4.73	12,00 3,91 4,82	Mar	Open 99,90	Sett price 99,45			lgh 94 9		Est. vol 21130	Open 5787		6 Up to 5 years (2) 7 Over 5 years (11) 6 All stocks (13)	188.39 173.91 174.60	+0.07 +0.11 +0.10	189.26 173.72 174.42	1.66 0,59 0.89	0.00 0.58 0.58	Up to 6 yrs Over 8 yrs		88 3. 89 3.		23 93	2,50 3.70	3.71	1.36 2.75	
Netherlanda Portugal	7,250 8,875	10/04 01/04	67.5800 83.4000	-0.120 +2.200	7.80 11.64	7.75 11.64	7.85 11.82	JAUT ■ ITALIAN	98,49 GOVT. 6	98.48 IOND (BTP)	-0.2	_		98,49 FE) Ura20	25 On: 100th	683 s of 10		Average gross rademption yiel	kia ere show	m above. Coupe	an Bender L	ow: 0%-7%%;	Medium: 8	6-10%%; High:	11% and	ever. † Fil	d yleid. yld	Year to dat				
Spein Sweden UK Gits	8,000 8,000	02/06 02/06 08/99	89.0400 70.7240 90-19	+0.200	10.96 8.55	11.10 B.67	11.33 10.65 8.47	Strike Price		Mar		Jun		Mer		Jun																
US Treesury	8.750 8.000 7.875	11/04 10/08 11/04	97~29 103-12 101-18	+1/32	8.60 8.58 7.64	8.75 8.71 7.84	8.48 8.47 7.81	9850 10000 10060		1.06 0.79 0.58	1	.76 .54 .38		0.88 1.11 1.41	2	.45 .71 .03		FT FIXED INTER										TY IND				

Netherlanda	7,250	10/04	67.5800	-0.120	7,60	7.75	7.65	
Portugal	5.875	01/04	83.4000	+2,200	11.64	11.64	11.62	
Spain	10.000	02/06	89,0400	-0.100	11.80	11.95	11.33	
Sweden	8.000	02/06	70,7240	+0.200	10.96	11.10	10.65	
LIK Gitts	8.000	08/99	90-19	+2/32	8.55	B.67	8.47	
	8.750	11/04	97~29	+1/32	8.60	B.75	8.48	
	8.000	10/08	103-12	-	8.58	8.71	8.47	
US Treasury	7.875	11/04	101-18	+12/32	7.84	7.84	7.81	
	7.500	11/24	96-31	+16/32	7.78	7.93	7.84	
ECU (French Govf)	B.000	04/04	84,3400	+0.010	8.51	8.70	8.65	
London closing, "New Yo	ork mid-day				Yleids: I	ocal may	ket standard	.
7 Gross ancluding within		12.5 per	cent paveble	by nonreal				
Prices: US. LRC in 32rds.				-,		CE: MMS	International	,
I TO THE PARTY OF CO.								

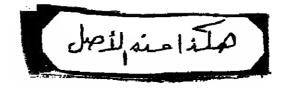
BOND FUTURES AND OPTIONS

	Open	Sett price	Change	High	Low	Est. vol.	Open Int
Mer	111.56	111.40	-0.02	111.60	111.20	108,685	127,495
Jun .	110.68	110.58		110,74	110,36	1,727	5,506
Sep	110.00	109.92	+0.02	110,00	109.90	191	1,451
III LONG	TERM FREN	ICH BOND	OPTIONS	(MATIF)			
Strke		CAL	LS	_		PUTS	
Price	Feb	Me	r .	tun	Feb	Mgr	Jun
106	•	-		•	0.13	0.94	•
110	1.67				0.26	1.26	•
111	0.89	1.3	3	•	0.54	1.74	•
112	0.48	8.0	4	•	1.05	-	•
113	0,17	0.5	1	•	•	•	•
For well to	stat. Cutta 9,728	Puts 16.155	. Previous	devis open	int. Colle 1	83 079 Puts	179.275.

	Open	Sett price	Change	High	Low	Est. vol	Open in
Mar	101-27	101-24	+0-02	101-31	101-17	33704	98951
Jun	101-22	101-30	+0-06	101-31	101-22	505	1374
III LONG	GELT FUTU	RES OPTIO	NS (LIFFE)	250,000 8	42hs of 100	196	
Strike		са	LS			PUTS	
Price		Mar	Jun		Mar		Jun
101		I - 01	2-05		0-47		1-43
102		-35	1-37		1-17		2-11
103	otal, Cally 1003	-18	1-10		1-62		2-48
Ecu Ecu	BOND FUTU	RES (MATIF)					
	Open	Sett pnce	Change	High	Low	Est. vol.	Open Im
Mar	81.60	91.44	+0.02	81.60	81.22	3,061	6,512
Jun	•	91.19	+0.02	•	•	•	•
US							
	REASURY BO	OND FUTUR	ES (CST) S	100,000 3	2nds of 10	0%	
	Open	Latest	Change	High	Low	Est. vol.	Open Int
Mar	101-05	101-03	-0-06	101-09	100-29	451,140	357.840
Jun	100-23	100-20	-0-05	100-26	100-14	5,120	26,446
Sep		100-18	-		•	890	3,924
Japar	1						
■ NOTE	ONAL LONG Y100m 100			OVT. BON	DEUTURE	3	
	Open	Close	Change	High	Low	Est. voi	Open int
Mar	108.45			106.59	108.45	1686	0
Jun	107.79			107.92	107,79	321	0
					for previous		

Jun	90.08	89.7	4	-0.18	8	0.08	89	.74 219 9	186	- 0	HHE RUD	196 953	o trade	id on A	PT. All Open Interest figs.	are for	Paritors (ay.		
UK G	LTS P	RICE	s .			4 -	1	Mary Angles of the	Barrier W						S. Sterren	5	er e		15.0	
	Hotes	E Y	ieid Red	Price 2 -	· ar -	1894 High	495 _ Low	Metasa	<u>=</u>	leld Red	Price E	+ 07 -	_ 199 High	4/95 _ Low	Motes	(7) Y	rield (2) Price	£ +a-	_ 199 High	14/85 _ Low
Shorte" (Live	up in Five Y	1073)						Conversion 91 ₂ pc 2004	9.02	8 67	1987	+4	125/1	1012	Index-Linked (b)					
Each 3pc Ann	1990-95	3.02	8.09 8.74	99,1	-:	103% 107 5	974 10133	Tress 6-laps 2004##	7,67	8.58	8733	+4	1054	843	200 '9667.9) 8 300 '98221135.6	2.32 2.88	3.92 203	4 4	1132	197 <u>33</u> 1082
10%pc 199 Treas 12%pc		18.05 12.20	8.05	101}} 1045		1135	1045	8 l29¢ 2005	8.54	8.55	99,3			. 97	2½cc 101	146	3.90 16	1 7	176%	1631
14sc 1996.	188044	13.15	7.08	10613	_	117,3	10643	Court 8 12 pc 2005	8.99 10.30	8 65 8.94	105]]		125½ 143%	103년 118년	71 ₂ pc '03(78.5)	3.55	3,90 163	14 44	1735	1597
154pc 199	6##	13.96	7.39	1094	-4	1211	10014	74nc 2008±±	8.25	8.58	9312=		11213	807	4300 104#	3.55	3.86 100		1187	
Both 13 upc 1		12.39	7.51	196[3		11713	106号	8pc 2002-611	8.38	8.62	9813		1115	916	20c '06(69.5)	3.61 3.67	3,87 166		18413	1852 1494
Conversion 19		9.67 7.17	7.86 8.08	103 <u>13</u>		112/	1037	1rees 11 kpc 2003-7	10.15	8.98	115%	+4	136,	1124	21 ₂ pc '11(74.6)	3.78	3.89 1582		175%	154
ireas Cru 700 ireas 134.00		1211	7.98	1083	7.1		100	Treas 6120c 2007 #	8.55	8.57	9953		1193	95]]	21 ₂ pc '13	370	3.89 130V	≖ +∄	1461	1253
Sects 101 ₂ pc 1		10.04		04 (4)	+Ã	1147	104%	13 ¹ 200 2004-8	18.55	4.95	12733		151	12433	212pc 1681.8j	373	3,89 138		157	
read 8 kpc 1		8.60		D1 1 101		1100	100%	Treas 9pc 2005 #	8.70	8.55	10312		124/1	39[]	21 ₂₀ c '20(83.0) 21 ₂ cc '24±±(97.1)	3.75 3.74	3.90 133		152() 129()	12812
Seth 15pc 19		12.94 6.43	8.35 8.43	115% 103%		131 <u>13</u> 1142	1755 ₈ 10244	Тгума ёрс 2009	6.39	6.55	95 <u>j3</u>	+45	115%	9133	44az 30±±(3/3/	177	3.91 105			105%
9-lape 1998 hees 7-lape		7.49	B.44	9633	***	1083	95%								Prospective real recterns	tion rat	a on projec	ted kritet	on of (1) 10%
reas 63cpc 1	995-98#	7.09	6.46	954	+44	102	9312								and (2) 5%. (b) Figure	17 F	merdiness.	THOSE I	PPI be	90 fpr
14pc 1996-		12.14	6.59	1156		기가수	1144								indexing the 8 months preflect rebasing of RPI	In 10	O in Fabr	erv 198	. Cont	ered to
Treas 15 ¹ 290		12.76 10.83	8.52 8.60	121 (2 11013	**	140 Å 1250	121人 116為	Over Fiftees Years							factor 3.945. RPI for M	y 199	144.7 0	d for De	comber	1994:
Each 12pc 194 Frees 6/5pc 1		6.21	8.55	103.5	+6	115-3	100%	Trepa & 1/4pc 2016	7,71	8.43	81/4		98.3	7712	146.0.	•				
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Treas Spc 199		6.62 9 00	8.55 6.65	90523d		16133 12133	16617 71601	Treas 51 ₂ pc 2008-12# Treas 8pc 2013##	8.37	8.47	74-2 95%	**	1172							
Conversion 16 Treas Film State		7 00	0.00	10015		1003	2913	8pc 2015	0	8.46	964	7	961	9413						4/95_
LICEN CARL GRAN					_			74pc 2012-15##	8.30	848	933		1144	8974	Halas	量	Red Pric	<u> </u>	洲山	LOW .
								Trees 6-upc 2017##	6.49	6,441	03,54	44	128%	984	Acian Dev 1034pc 2009	9.34	6.02 109		138%	107-2
								Bush 12pc 2013-17	0.19	8 87	130	+4	15 9 12	125,4	8 haps 11 2pc 2012	985	9,52 116		142	115
	_														Ireignal Cap 8 ¹ 2pc 110 Box Cap 1996	8.71 8.05	- 97 - 100		116 ¹ 2 1031 ₂	964 994
Top in Filling	Toers	8.20	8.53	9733	-1-	985	86								13pc 97-2	12.06	- 107		1154	100
2000 apr. 2000 2007 Poc 2001	133	8.65		01 Had		1184	997								Hydro Quebec 15pc 2011.	10.76	9.97 140	ā —	100]]	13733
reas 13pc 20		10.98	8.71	118%	+4	138(3	1164	Ondated							Leeds 131 ₂ pc 2006	10.63		<u> </u>	149 4	125
19pc 2001 .		244		0523#	+4	122	103 ¹ 2 8813	Consols 404	8.67	_	46 ¹ e26	+14	594	4413	Liverpool 31 ₂ pc kred LCC 3oc '20 AR	9 72 6.38		5 <u> </u>	444 ₁	33-k
7pc 2001 #		7. 5 3 9.24	E.54	913일 05년2회		106 % 123-3	10015	War Loan 3½pc‡‡	8.44	-	414	_	54]]	397	Manchester 11 laps 2007	10.09		<u> </u>	136%	11114
94.pc 2002. Aps 200322		8.33	8.65	963	+4	11313	92%	Corpy 312pc '61 Aft	6.03	-	98	+32	71	65	Met. Rtr. 30c B	4.33	8.20 69		76	8612
19ac 2003 .		9.30	8.741	07'z ii	ı.	127 🛴		Trees 3pc '96 A7	8.66	-	34%		44		Nyche Anglia 3 ppc 2021.	-	4,61 131		150%	1291
rees 11 200 i		10.24		1127		129 <u>17</u>		Consais Z ^I 2pc	8.47	-	29/2	-4	38/2	26,4	44.pc U. 2024 Uld May Seess 16-20. 2003		4.58 126		1454	123%
atding 3½pc	1999-4	4.72	7.31	74.3	-7	863	89	Treas. 2/2pc	8.55	-	2914	+4	21.42		CLOS comical of stock	13 81	- 113	· —	15912	11972

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CURRENCIES AND MONEY

Mexico worries continue to weigh on the dollar.

Fresh concern about whether the US Congress would pass a Mexican aid package yesterday pushed the dollar to a 1995 low.

writes Philip Gowith. The dollar touched DM1.50 at lunchtime in New York, the Reserve intervened to support it last November. It closed at DML5119 in London on Friday. It was also weaker against the yen, touching Y98.13, from Friday's close of Y99.1.

Concern about the Mexican situation appeared to outweigh the prospect of higher short-term interest rates. The Federal Open Markets Committee meets today and tomorrow to discuss US monetary policy. cerns about a US aid package drove the Mexican peso to fresh lows. The peso finished

78 centavos lower in Mexico City, at 6.3/6.45 per dollar. In Europe, both the lira and the French franc remained weak against the D-Mark. The Franc finished at FFr3.472.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

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closed at L1,059 from L1,060. Sterling closed slightly lower, at DM2 4019 from

The dollar's woes appeared to be attributable to ongoing market fears that the Fed would allow the Mexican crisis to distract it from "doing the right thing" by the US econ-omy - that is, it would not raise rates sufficiently to curb

inflationary pressures.

Mr Mike Rosenberg, managing director of international fixed income research at Merrill Lynch in New York commented: "Over the last three months the dollar has been highly correlated to market expectations about the outlook for short-term interest rates.

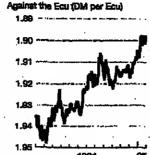
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१ मधी	1.5921	1.5911
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1 yr	1.5850	1.5850

Since the end of December there has been a sharp downward revision of where it see US short term rates."

Since the beginning of the year, the price of the June eurodollar contract on Liffo has risen to 92.85 from 91.97 effectively a 88 basis point downward correction in interest rate expectations, over the past four weeks. Mr Rosenberg attributed this

shift partly to Mexico, and partly to some softer economic data. He said there had also been a shift in interest rate expectations compared to Germany. Those who had previously expected the differential to move in the US's favour now expected little change over the coming year.

Aggravating the dollar's woes, said Mr Rosenberg, was the "capital flight out of European high yielders". This was bolstering the D-Mark. He noted that the dollar normally weakened more against the



but this time even the Swiss franc is weaker - illustrating the sxtent of independent D-Mark strength. This is evidant from the D-Mark's strength against the Ecu, which represents a basket of

European currencies. Mr Rosenberg said some the moves in Europe were "exaggerated, the result of a "risk premium virus spreading

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

throughout the system."

■ The potential problems Mexico poses were underlined by Mr George Soros, the influential financier. He told the World Economic Forum in Davos, Switzerland that there was a "very serious crists in Mexico." He added: "It now looks as if the \$40hn package is not going to be passed by Con-gress. I think that could have quite severe repercussions."

President Clinton took a more sanguine line, saying in Washington that he was "optinistic" that Congress would pass the rescue plan. The Republican senate majority leader, Bob Dole, also stressed the importance of the support package, adding that it would not cost the US "a dime".

■ Although the Franc is weak against the D-Mark, analysts noted that it was strong on a trade-weighted basis when account was taken of its cross rate against currencies like the

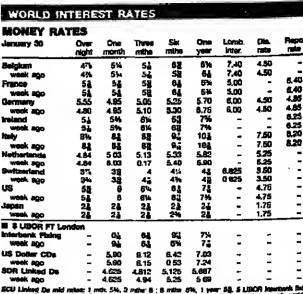
Mr Joe Prendergast, foreign exchange strategist at Paribas Capital Markets in London, said he did not expect the Bank of France to raise interest rates in response to cur-rency weakness. "With the 15 per cent bands, France has the ability to exploit a more flexible currency policy," said Mr

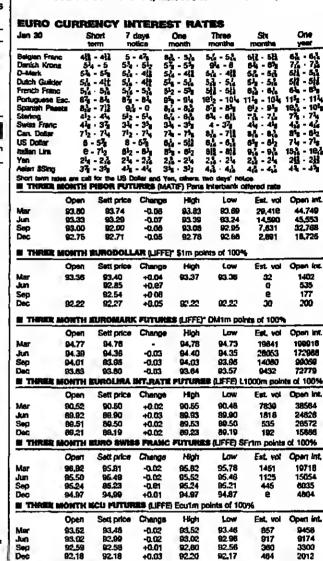
Analysts said that so long as political uncertainty continued in various European countries, there was little incentive for investors to lighten their long

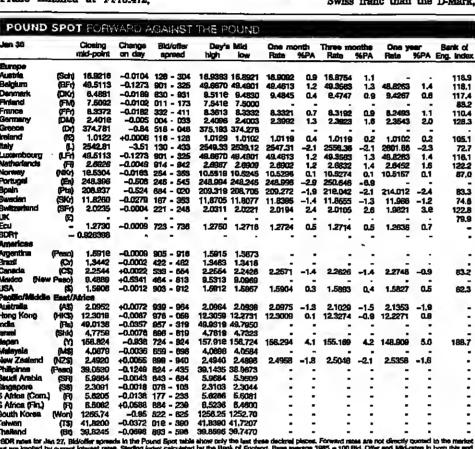
■ The Bank of England cleared a £600m market shortage at established rates in its daily operations.

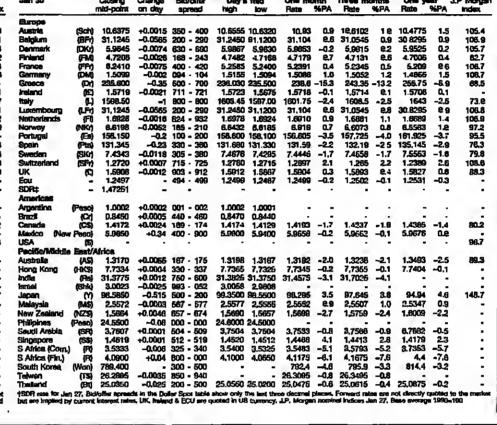
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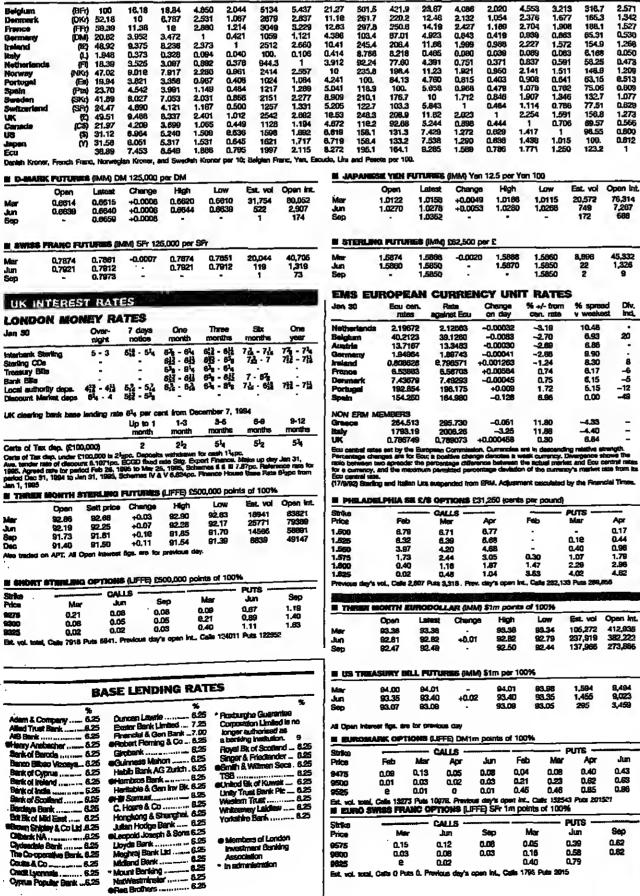
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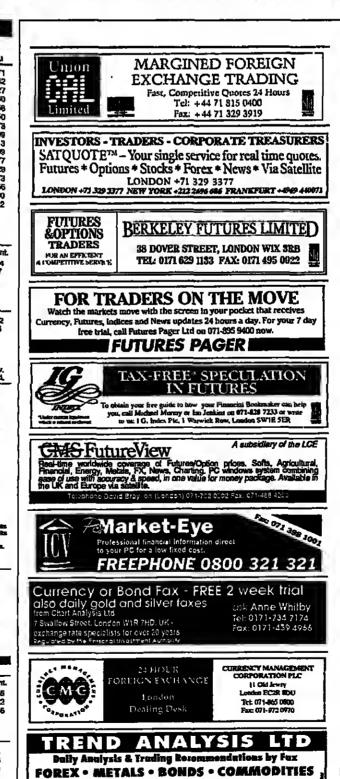












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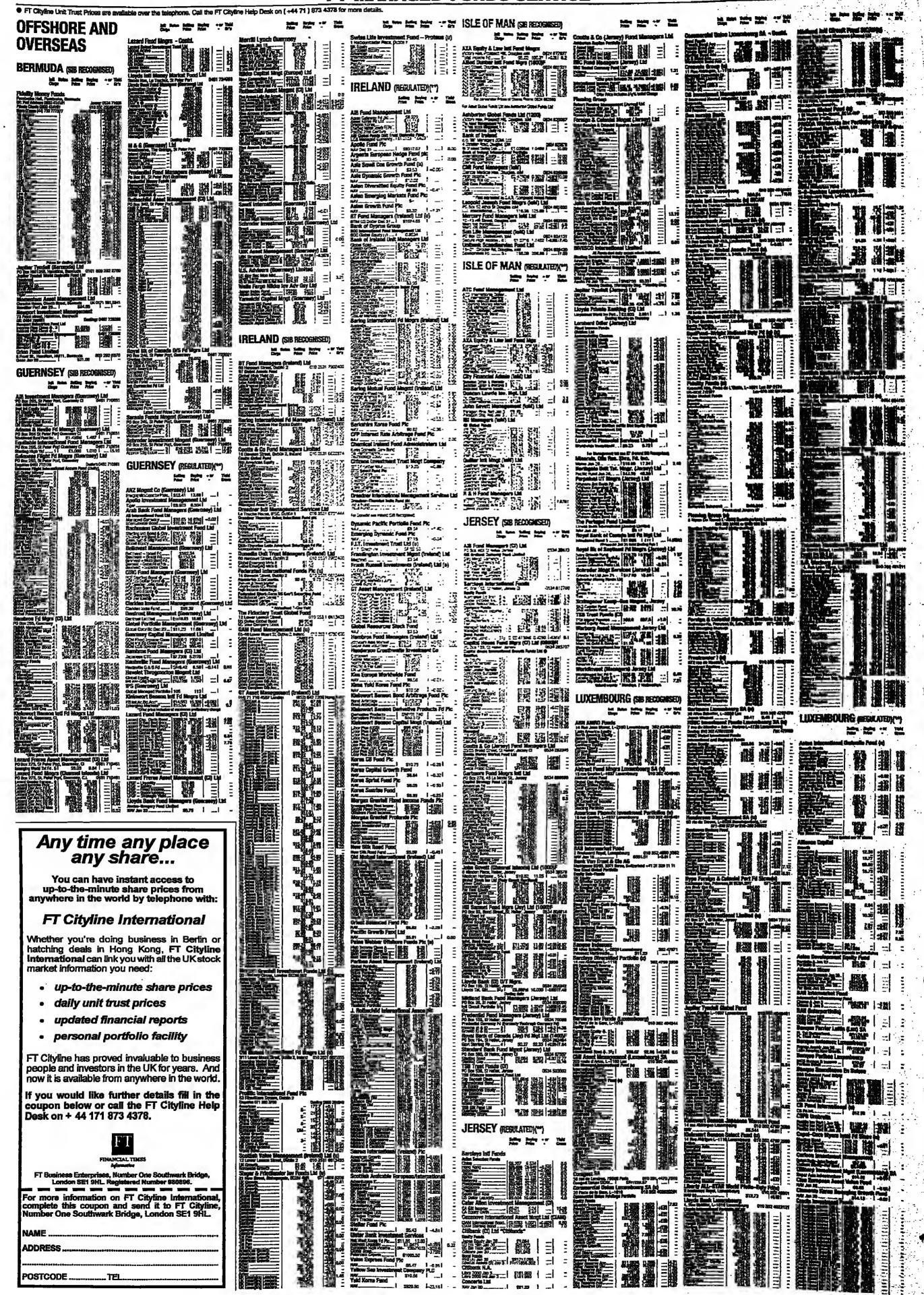
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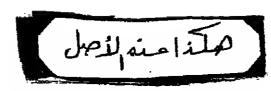
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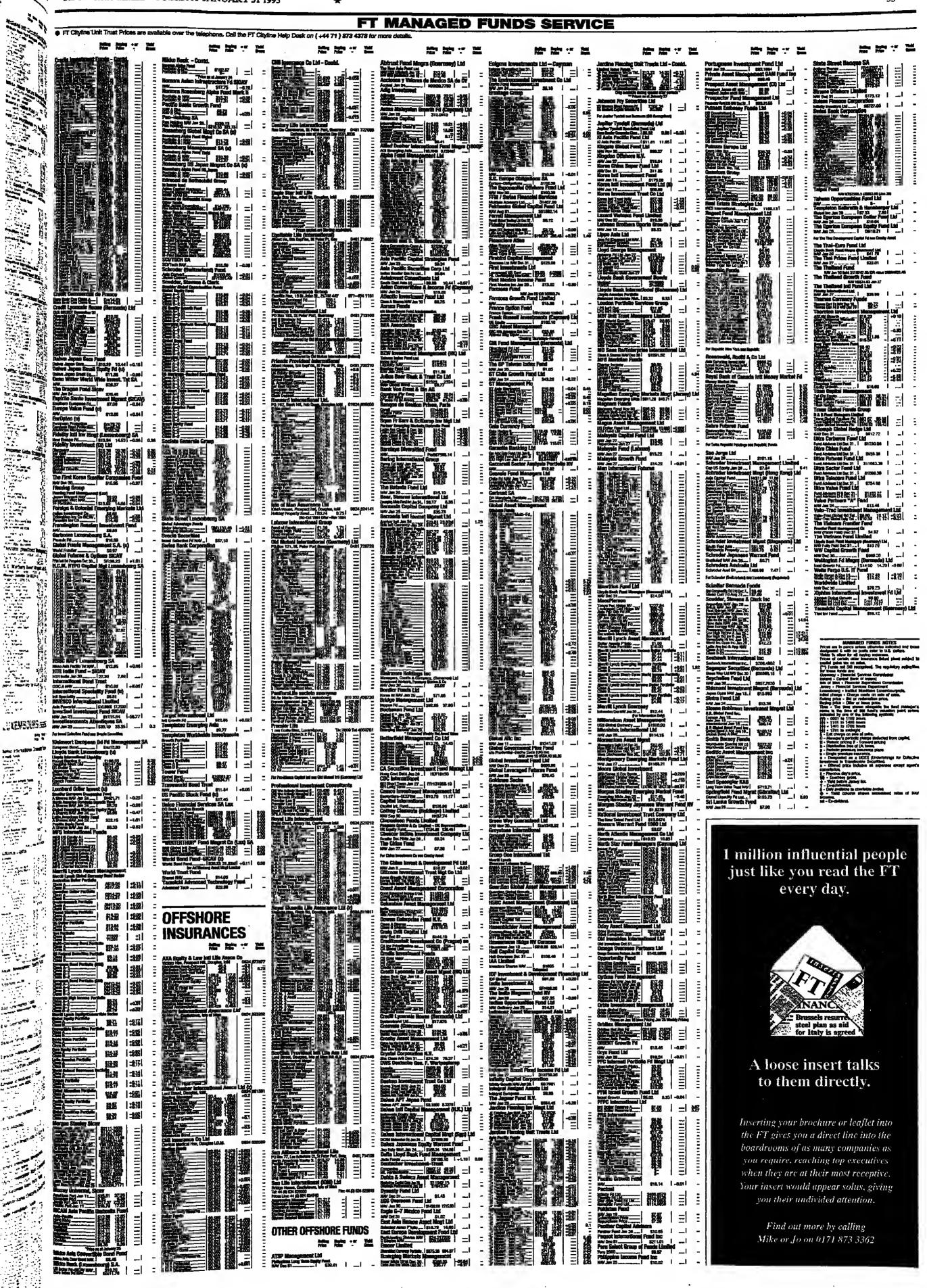
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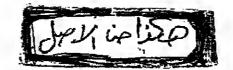
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LONDON STOCK EXCHANGE

Share prices crumble in poor trading volume

Trading in the UK stock market was overshadowed yesterday by prospects for interest rates in the light of meetings today of the US Federal Reserve's Open Market Committee and on Thursday of the UK chancellor of the exchequer and the governor of the Bank of England

Business in equities was very lnw in London and, with the recent spate ni speculative activity somewhat reduced, the FT-SE 100-share Index was content to follow the trend in the Dow Industrial Average. The Footsie lost the 3,000 mark, closing 26.3 down at the day's worst of 2,995.9

The FOMC meeting, and Thursday's routine meeting between the

UK chancellnr and the Bank gover-nor, will set the tone for the markets this week. Analysts in London are resigned to another rise in US interest rates, and also believe that the governor of the Bank may press for higher base rates in the IIK

Shares were on the dnwnside throughout the session, undermined by futures trading and brushing nff a steadler trend in government brinds. The overnight gains in Far Eastern markets proved no help tn London traders, who remained cantinus even before the Dow npened the new session with a fall extending to 20 points in UK hours. There was no response to the UK December MO mnney supply data.

The FT-SE Mid 250 Index shed

15.9 points to 3.382.3, indicating that private investors, as well as fund managers, were staying out of the way. The most accurate picture of the day came from the Seaq total of 396.4m shares traded, barely half nf Friday's number.

Althnugh last week's batch nf speculative situations continued in bubble away beneath the surface, most were awaiting further developments and there was less activity in the shares concerned. On Friday, customer, nr retail, business in UK equities jumped to £2.23hn, nne of the highest recent daily figures.

Shares in Wellcome gave ground as bid speculators, as well as the board, busled themselves trying to identify a possible "white knight" prepared to fight Glaxo's £9hn-plus offer, which already has the support of the Wellcome Trust, holder nf nearly 40 per cent of the equity.

UK analysts scanned the list of US and European pharmaceuticals

groups which might take on such a role. Hoechst, of Germany, was said to be more interested in a US acquisition. There was no response from nther suggested names, which included Roche, of Switzerland, and Merck, in the US.

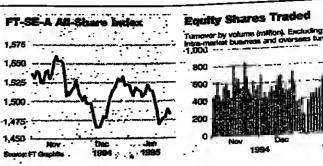
The financial sector, target for widespread takeover speculation last week, calmed down following Friday's rejection of UK bid interest by Dresdner Bank. But sector specialists believe that takeover speculation will return soon.

Further demand for Kingfisher, providing one of the markst's few bright spots, reflected strong hints from sector analysts that e group might plan to break itseli ; following the recent departure of senior board members. This would imply selling of its constituent operations, which include Darty, the French retailer, and Comet, in the UK. At last night's close the shares were still well short of the break-up value quoted by City specialists. Interest rate-related stocks were

easier as investors waited for this week's developments in the UK and the US, but traders said there was no significant selling pressure.

"Investors are simply backing off until after the interest rate outlook clears," commented one trader at a leading international house. The loss of the Footsle 3,000 mark, around which the London market has been trading since mid-September, merely served to confirm the uncertain mood.

Traders commented that the UK market may bave already discounted a half-point rise in US interest rates, as well as a further uptick in dnmestic base rates.



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Building & Const +0.3 **Building Mats** . Food Producers +0.0 FT Ordinary Index (17.60)FT-SE-A Non Firs p/e FT-SE100 Fut Dec -38.0

Telecommunications

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Further buying of Kingfisher

Stores grnup Kingfisher jumped 16 to 424p as the market responded to strong specu-lation in the weekend press that the fundamental problems within the group could prompt a fire sale.

Stores analysts have been working through the numbers to establish a break-up value for the group. The range starts at below 500p a share, but Mr Tony Shiret of BZW, the leading bear of the stock, believes that it could go for as much as 600p a share.

Some analysts suggested that Mr Geoff Mulcahy, Kingfisher's chief executive, will want to sell Comet, the troubled discount electrical goods group, refloat Darty and attempt to turn the rest of the group around,

Courtaulds hit

Chemicals group Courtaulds was the leading casualty in the FT-SE 100-share Index list. The stock tumbled 18% to 407%p on concerns over a steep rise in the price of raw materials, a particularly key element in the company's fibres business known as acrylonitrile.

Dealers said the company had been telling some high profile investors that passing on price rises to the customer has been tougher than previ-

nusly thnught. Snme of the higher forecasts for this year and 1996 are, consequently, expected to come down.

R-R under pressure

Rolls-Royce declined 311 to 156p in 3.8m turnover to extend the stock's underperinrmance against the FT-SE Actuaries All-share index over the past month to more than 7 per cent. Sentiment has suffered by the lack of news on the progress of three Indian power station nrders worth £650m in total. while the latest bear sniping stems from the way a number of US airlines have begun to

defer plane orders. USAir and Continental have bnth pnt sizeable orders fnr fleet additions nn bold. Although a deferral is not an outright cancellation, the implications for Rulls-Royce's aero engines division were seen yesterday as negative. Pharmaceuticals bid target Wellcome slid 17 to 981p as the

market took a dim view of the company's ability to find a "white knight" counter-bidder which would have eoough cash to top Glaxo's £9bn-plus offer. Anglo-Dutcb conglomerate Unilever moved ahead 13 to 1177p despite news that it had failed to negoliate a settlement with Hickson International over the fallure of Persil Power. Dealers said that attempts by one marketmaker to balance the book after placing an order for half a million shares had squeezed the stock higher. Hickson held at 121p.

Pet food company Dalgety

rose S to 409p nn speculation that it is poised to dip into its bank account for the European pet food side of Quaker, of the US. Quaker is trying to reduce gearing following its purchase of the Snapples soft drinks

business last year. Dixons rose 2 to 204p, with S.G. Warburg believed to be

encouraging huyers. The market's recent conviction that at least one large bid is imminent in the banks sector was shaken by bearish press comment. TSB. which raced up early last week nn talk of an imminent bid move by nne nf the big French banks, drifted down 8 tn 245p on good turnover of 3.6m. The shares were also hit by switching intn Bank of Scotland, which held up well in the face of a generally weak market and closed unaltered at 210p.

Much of the bid speculation in the merchant hanks was althnugh dealers insisted that some form of corporate move in the sector is

Ord, city, yield Earn, yid. % full P/E ratio net P/E ratio nil

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FINANCIAL TIMES EQUITY INDICES

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not far away. Kleinwart Benson finished 11 cheaper at 609p and S.G. Warburg ended 8 lower at 750p. Mercury Asset Management lost 10 at 789p.

In composite insurances, wnrries about the flooding across Europe hit Geoeral Accident, down 13% at 506%p, and Sun Alliance, S off at 294p. Commercial Union, unchanged at 499p, was sustained by a buy recommendation issued by Hoare Govett, the company's

Activity in the utilities continued to contract. Manweb attracted plenty of speculative interest in the early part of the day following a newspaper report suggesting that Welsh Water could be considering a bid for Manweb, the electricity company. Dealers pointed out that the story had been circulating in the market for many months, but refused to rule out

Manweb shares jumped to 800p at one point before easing back to close only a fraction

Jan 30 Jan 27 Jan 26 Jan 25 Jan 24 Yr ago "High "Low

4.58 4.60 4.65 4.64 3.47 4.66 6.72 6.75 6.82 6.80 3.83 4.84 17.22 17.14 16.96 17.00 32.13 33.48 16.68 16.60 18.44 18.47 29.78 30.80

impliation; high 2713.6 2/02/94; low 49.4 26/6/40

Jan 30 Jan 27 Jan 26 Jan 25 Jan 24 Yr ago

20,059 22,837 22,348 23,192 45,756 2284.1 2047.1 1802.8 1867.7 1786.4 27,639 31,583 30,889 30,157 50,708 770.5 734.9 671.6 677.1 878.0

Ordinary Share 2253.3 2284.9 2271.9 2251.7 2251.3 2677.2 2718.6 2238.3

8.00 10.00 11.00 12.00 13.00 14.00 15.00 10.00 High Low

Na 2284.4 2277.6 2271.2 2267.0 2267.6 2266.2 2267.2 2268.8 2263.2

harder at 795p; turnover in the stock was an unremarkable 184,000 shares. Welsh Water receded 6 to 581p on volume of 179,000.

Last week's burst of bid speculatinn in Lasmo died down somewhat but the shares held up well in the face of the general sell-off across the market. At the close Lasmo were unchanged at 147p, with turn-over again well above usual levels and finally reaching

3.1m shares. News of the company's participation in good quality exploration acreage in southern Italy helped senti-ment in the stock, dealers said. Enterprise, on the other hand,

eased 4 to 398p. Shell Transport fell 6 to 713p as some of the big institutions took the view that the shares could be vulnerable after the recent good run by the interna-

tional oil majors Grand Metropolitan retreated 7 to 36lp in 6.2m turnover, including one deal of 3.9m at 360p.

Airports group BAA and British Airways dipped 5 aplece in nominal volume to 460p and 368p respectively. BAA'a npheat third-quarter results were in line with market expectations and generally found favour with analysts. UBS reiterated its buy recommendation, estimating profits of £370m for 1994-95 as a whols. Problems facing loss-making

associate USAir continued to depress sentiment at BA. But NatWest Securities is urging clients to add the shares to the portfolios on the expectation that USAir will pull off a costcutting deal with its unions within six months. News of delays to getting

larger vehicles on to its Shuttle service left Channel tunnel operator Eurotunnel 8 off at

FT - SE Actuaries Share Indices

Bank note group De La Rue hardened 2 to 1005p as a result of a technical mark-up related to the company's bid for Portals, the specialist paper group. Portals gained 3 at 1068p. USM-qunted publisher Haynes fell 20 to 330p as first-

half figures came with a cautious statement which focused on the effect of rising paper ACT tumbled 18 to 74p after

the profits warning, but Fil-tronic delivered one of the market's best individual performances, finishing 20 stronger at 189p after the bumper profits performance.

LONDON RECENT ISSUES: EQUITIES

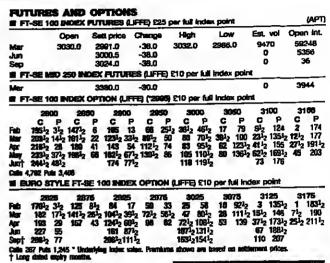
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MARKET REPORTERS: Steve Thompson, Peter John, Jeffrey Brown.



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TRADING VOLUME

■ Major Stocks Yesterday

FINANCIAL TIMES

Conferences

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FT GOLD MINES INDEX Jan % chig Jan Jan Year Gross die 52 week 27 00 day 26 25 mgs yield % High Low Gebb Mines Index (14) 1592.83 -2.2 1731.28 1785.52 2172.72 2.26 2337.98 1731.26

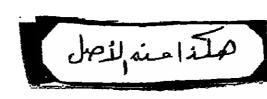
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Directions show humber of companies, Basie US Dollans, Basie Vature: 1000.00 31/12/82.

or Gold Mines Index Jan 30; 194.1; chay's change: -8.A Year ago: 224.9 † Partiel.

	Jan 30	Day's chge%	Jan 27	Jan 26	Jan 25	Year	Div. yield%	Earn. yield%	P/E retio	Xd ad yld	. Tota
FT-SE 100	2995.8	-0.9	3022.2	3007.5	2982.2	2 3491.6	4.32	7.40	15.96	3.28	1145.
FT-SE Mid 250	3382.3				33807				18.45		1277.
FT-SE Mid 250 ex liv Trusts	3394.5				3407.5			6.98	17.21		1280.
FT-SE-A 350 FT-SE-A 350 Higher Yield	1498.3 1523.9							7.19	16.47 15.54		1172
FT-SE-A 350 Lower Yield	1472.3					1702.0		5.68	17.53		971.5
FT-SE SmellCap	1710,50					2050.49		6.52	10.25		1339
FT-SE SmellCap ex Inv Trusts FT-SE-A ALL-SHARE	1692.32					2012.58		7.30	17.40		1329.
■ FT-SE Actuaries All-	Share										
	Jan 30	Day's chge%	Jan 27	Jan 25	Jan 25	Aes.	Div. yield%	Earn ylakd%	P/E natio	Xd adj	. Tota
10 MINERAL EXTRACTION(25)	2846,41					2670.71	3.56	5.12	24.69		1066.
12 Extractive Industries(7)	3586.85					4001.34	3.36	5.48	22.78	0.00	969.6
15 Ot, Integrated(3)	2635.26					2581.33	3.69	5.70	21.68		1088.
15 Of Exploration & Prod(15)	1886,09				10.00	1957.10	2.59	Ŧ	- ‡	0,00	1091.
20 GEN INDUSTRIALS(279)	1779.33					2194.68	4.38	5.90	19.93	1.51	915.8
21 Building 5 Construction(38) 22 Building Matte 5 Marche(31)	947.28 1893.57					1480.89 2352.33	4.09	6.98 6.52	19.88	0.00	747,8
23 Chemicale(23)	2212.70					2483.24	4.27	4.92	25.24	0.00	988.8
24 Diversified Industrials(17)	1740.41				1758.28		5.38	0.54	17.65	3.06	902.7
25 Electronic & Elect Equip(36)	1815.76				1822.80		4.19	7.08	18.77	1.74	898.0
26 Engineering(72)	1708.95				1720.13		3.53	5.72	20.52	2.35	986.4
27 Engineering, Vehicles(13)	2029.13				2031.61		4.93	1.71	100.08	0.12	993.3
28 Paper, Pckg & Printing(28) 28 Textiles & Apparel(21)	2712.86 1480.88				2724.83		3.24	5.98	19.42	0.00	1074.
					1474.84		4.84	6.71	15,35	0.17	886.5
30 CONSUMER GOODS(95)	2775.59				2748.58		4.35	7.31	15.80	7.20	987.1
31 Breweries(18) 32 Spirits, Wines & Cidens(10)	2194.16 2511.58				2195.91 2480.95		4,36	8.20 7.58		10.38	1004
33 Food Producers(24)	2310.64				2262.21		4.24	7.82	15.57	3.92	857.5 964.7
34 Household Goods(10)	2482.59				2412.61		3.61	271	17.04	0.45	892.2
36 Health Care(15)	1574.13				1539.28		3.17	3.51	36.52	0.58	919.0
37 Pharmaceuticele(13)	3318.32				3282.84		4.08	6.46	17.89	0.00	1064.4
38 Tobecco(2)	3717,37	-1.0	753.15	3758.22	3660.48	4500.75	5.76	5.80	11.14	0.00	847.9
40 SERVICES(231)	1830.50				1831.68		3.42	7.57	16.40	2.64	911,4
41 Distributors(32)	2266.68				2440.89		4.00	13.50	8.91	1.69	799.5
42 Leisure & Hotele(29) 43 Media(43)	2035.35 2684.10				2056.86 2674.27		2.63	5.91 5.84	20.28	7.18 1,92	1013.2
44 Retailers, Food(16)	1913.27				1779.67		3.63	8.84	13.86	2.32	1095.7
45 Petaliers, General(45)	1510,40	+0.31	506.52	496.00	1501.15	1824.88	3.56	7.71	16.08	1.97	828.1
48 Support Services(38)	1453.95	-0.4 1	459,00 1	1459.87	1455.63	1827.36	2.89	6.63	17.77	0.36	890.0
49 Transport(21)	2191.04				2147.82		8.94	6.80	17.34	3.32	864.6
51 Other Services 5 Business(7)	1203.51				1214.58		3.71	3.76	36.27	4.76	1048.3
60 UTALITES(37)	2349.54				2957.10		4.56	7.93	15.36	8.08	925.4
52 Sectricity(17) 54 Gas Distribution(2)	2437.91 1999.74				2474.88		4.00	10.37		17.58	1042.2
64 Gas Distribution(2) 68 Telecommunications(3)	1968.97				1961,64 (1977,78 (5.99 4.11	7.52		0.00	939.20 863.2
86 Water(13)	1677.76				707.85		5.97	14.31	7.83	4.62	855.5
69 NON-FINANCIALS(867)	1811.71	-0.7 1	623.05 1	818.87	607.75	1852.51	4.08	6.87			1153.0
70 PINANCIALS(119)	2058,45	-1.02	078.91 2	075.38	2053.75	2888.83	4.74	9.73		0.35	822.0
71 Banks, Retai(9)	2676.84	-1.42	713.65 2	711.87	2882.18	3497,19	4.57	10.55		0.00	806.1
72 Banks, Merchant(5)	3069.03	-0.8 3	082.83 2	048.62	023,85	3708.74	3.62	8.09	12.84	0.00	932.12
73 insurance(27)	1142.59				122.34		5.76	10.31		0.35	790.2
74 Life Assurance(6) 77 Other Financia(23)	2255.26 1848.48				226,44 2 1656,30 2		5.67	8.26 7.69		0.00	872.61
76 Property(48)	1354.61				340.45		4.44	7.89		2.11 0.67	999.72 786.35
80 ENVESTMENT TRUSTS(133)	2562.99				544.33		2.44	2.08		2.05	666.65
89 FT-SE-A ALL-SHARE(919)	1483,45				479.50	_	4.12	7.13			1180.2
FT-SE-A Fledgling	987.35		967.83				2.90	_		1.78	989.12
FT-SE-A Fledging ex law Trusts	990.97		981.25			-	3.06	-			992.84
Hourly movements											
Open 8.00	19.00	11.0			3.00	14.00	13.00	16.10	_	/day L	zw/de ₂
FT-SE 100 3021.3 3016.	7 3011.6	3011.	0 800	4.2 2	989.9	2999.9	2998.8	2995.5	302	1.3 2	996.1

	Ope	era B.	100	1.00	1.00	12.00	13.00	14.00	13.00	16.10	High/day	Low/de
FT-SE 100	3021	.3 301	6.7 30	11.6 30	71.0 8	004.2	2969.9	2993.9	2988.8	2995.5	3021,3	2996.1
FT-SE MIN 250	3395	.5 339	3.3 33	37.9 33	87.7 3	384.8	5383.5	3383.2	3362.6	3383.4	3385.5	3382.2
FT-SE-A 350	1509	A 150	7.4 150	14,0 15	04.6 1	601.8	1499.0	1409.9	1499.4	1488.3	1508.4	1498.0
Tyme of FT-SE 100 I	Day's high:	6.30em De	y's love 4.	21pm. FT-5	SE 100 19	94 High: 3	20.2222	Low: 2879	.8246/94).			
FT-SE A	ctuario	es 350) Indu	stry b	asket							
	Open	8.00	19.00	11.00	12.00		14.00	10.00	16.10	Close	Previous	Change
Bidg & Chetron	888.0	588.0	687.8	888.8	689.1	889,4	889.3	888.6	891.4	591.A	888.2	+3.2
Pharmeceuticle	3322.7	3315.7	3306.8	3311.8	3304.3	3301,4	3301.2	3298.8	- 5292.1	3259.6	3316.6	-26.0
Water	1680.3	1678.5	1673.7	1673.7	1686.8	1000.5	1656.8	1666.8	1689.7	1671.7	1083.5	-11.B
Servics, Retail	2741.7	2739.6	2731.7	2730.0	27284		2718.4	2719.3	2711.2	2711.0	2748.3	-87.3
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	EURUPE	### ### ### ### ### ### ### ### ### ##	FIG. S08.50 =1.50 657 400 2.4 Ind Wk. 345 +1 433 311 2.3 Ind Wk. 345 +1 433 311 2.3 Ind Wk. 345 +1 433 311 2.3 Ind Wk. 345 +1 649 513 2.4 Ind Wk. 345 +1 649 515 2.4 Ind Wk. 346 +1 552 4.5 Ind Wk. 346 +1 552	- Polyses 104.20 + 34 84.30 74.30 10		### 1989 Low Tist PME 645 +6 734 602 1.2 ** ** ** ** ** ** ** ** ** ** ** **	-/- Might Low Yie PM 1780 +00 2,156 1,520 0.7 Widney	### Ham Low Yet Fix Sees 8 05 - 15 R.04 7.55 5.1 - 60837 Carbon 7.10 - 96 R.50 8.70 1.1 - 11000 8 8.20 - 15 9.12 7.30 ? 5 - 230040 Carbon 8 8.20 - 15 9.12 7.30 ? 5 - 230040 Carbon 8 8.20 - 15 9.12 7.30 ? 5 - 230040 Carbon 8 8.20 - 15 9.12 7.30 ? 5 - 230040 Carbon 8 9.20 - 15 9.20 2.70 1.5 - 7200 Carbon 8 9.20 - 15 9.20 2.70 1.5 - 7200 Carbon 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	1744 - 1, 2014 - 1745 -
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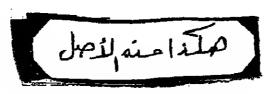
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FINANCIAL TIMES

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Dow moves lower ahead of FOMC

Wall Street

US shares bounced about skittishly in negative territory yes-terday morning as investors worried about another interest rate increase ahead of the two-day meeting of the Federal Reserve's Open Market Committee which begins today. writes Lisa Bransten in New

By 1 pm, the Dow Jones industrial Average had lost 19.51 at 3.838.48. The Standard & Poor's 500 was off 1.32 at 469.07, the American Stock Exchange composite fell 2.75 to 434.00 and the Nasdaq composite lost 4.08 at 754.83. Volume on the NYSE was 181m shares. Consensus on Wall Street held that the Fed would raise interest rates 50 basis points at the FOMC meeting, which put cyclical stocks under pressure. Morgan Stanley's index of cyclical issues lost more than 1 per cent as component shares

Aluminum Company of America lost \$2% at \$78%, Dow Chemical fell \$% at \$61%, Georgia Pacific shed \$1 at \$72% and international Paper was off \$1% at \$71%.

Adding to the gloom on yes terday's market were statistics from the commerce department showing personal income for December up by a higherthan-expected 0.8 per cent, while consumer spending gained only 0.3 per cent.

American Depository Receipts of Telmex fell to a 12month low as investors showed

nervousness about whether Congress would approve a package to help Mexico through its financial crisis. The telecommunications monopoly lost \$1% at \$31%. and was the most actively traded issue on the NYSE

though the morning.
Three other Latin ADRs among the 20 most active shares were Mexico's Grupo Televisa, down \$% at \$19% Empresas ICA. off \$% at \$7%. and Argentina's YPF, the privatised oil and gas company, which lost \$14 at \$19%. Shares in Promus jumped

\$2% at \$33% after the hotel and casino company said lt would spin off its hotel husiness into a separate, publicly-traded Shares were mixed for the

subsidiaries of General Motors reporting results yesterday. GM Hughes lost 814 at \$35 after reporting earnings slightly ahead of analyst expectations and GM EDS was up \$% at \$38% after putting out earnings in line with expectations.

Toronto was lower at midday. extending earlier losses after sharp declines in heavily weighted metal stocks, while interest rate worries ahead of the US FOMC meeting also weighed on equities.

The TSE 300 composite index was down 36.91 to 4,005.92 by noon in volume of 24.2m shares. The metals group sank 100.11 to 3,920.57 on weak hase

Mexico, Brazil fall

Mexican equities fell heavily in early trade amid uncertainty about whether a \$40bn US ald package for the country would be ratified. With the peso also extending its opening fall against the dollar and unconfirmed rumours of a sbarp decline in Mexico's international reserves, the IPC index was off 53.52 or 2.7 per cent at 1,904.39 by midsession, having earlier touched 1,885.

In the US a senior Republican senator said that the proposed \$40bn rescue package stood a "decent chance" of short of predicting victory. US to the package.

President Bill Clinton had been in touch with Congress in an appeal to get the bill debated later yesterday.

BRAZIL: In São Paulo, equi-

ties were weaker by midday on worries over the passage of the US aid package. The Bovespa index had declined 2,463 or 6.5 per cent to 35,375, up from 8 low of 34,231.

Analysts said the self-off was triggered by remarks by some US Senators saying that President Bill Clinton was not doing enough to sell his aid plan, combined with polls showing passing Congress, but stopped strong public opposition in the

	4	of charge	% change to US S t			
_	1 Week	4 Weeks	1 Year	Shart of 1984	Start of 1994	Start of 1994
Austria	-0.03	-6.43	-19.94	-17.30	-11.91	-\$.20
Belglum	-0.27	-1.87	-12,21	-10.82	-3.70	+3.63
Denmark	+0.31	-1.54	-16.94	-10.18	-5.03	+2.20
Finland	-1.73	EO.03	+6.88	+23.SO	+40.72	+51.42
France	-0.04	-3.48	-20.47	-18.92	-15.23	-8.78
Germany	-1.37	-4.19	-7.58	-12.81	-6.73	+0.37
Ireland	+1.09	+0.16	-\$.32	+1.77	+5.61	+13.65
taly	-1,12	+4.99	+6.07	+9.21	+8.63	+16.88
Netherlands	+1,24	-0.09	-4,58	-277	+3.55	+11.45
Norway	+1.7\$	-2.21	-5.36	+4.36	+10.10	+18.48
Spain	+0.95	-1.05	-19.22	-13.70	-12.89	-6.26
Sweden	+0.20	+3.22	+0.38	+8.34	+12.71	+21.29
Switzerland	-1.18	-3.39	-16.43	-12.18	-4.68	+2.59
UK	+0.88	-1.56	-12.67	-11.55	-11.55	-4.82
EUROPE	+0.01	-1.69	-11.89	-10.29	-7.30	-0.24
Australia	-0.4S	-1.99	-14.31	-11.79	-7.81	-0.90
Hong Kong	+0.32	10.96	-38.09	-40.58	-44.82	-40.62
Japan	-3.48	-9.94	-8.57	-2.90	+1.63	+8.35
Maleysia	-0.91	-12.48	-20.20	-32.77	-34.19	-28.18
New Zeeland	-0.36	+3.03	-10.72	-6.59	-0.55	+6.91
Singapore	+1.19	-10.39	-10.32	-17.58	-1S.10	-8.64
Canada	-1.39	-\$.61	-S.32	-2.70	-15.38	-8.94
USA	+1.29	+2.62	-0.70	+1.45	-5.72	+1.46
Mexico	-5.28	-15.42	-22.67	-20.46	-\$9.18	-56.08
South Africa	-4.88	-13.50	+6.08	+3.56	+1.93	+9.69
WORLD INDEX	-0.67	-3.35	-7.76	-5.37	-6.49	+0.63

EUROPE

Bourses subdued by American considerations

Bourses were cowed by American considerations, writes Our Markets Staff.

Today's Federal Open Market Committee meeting in Washington encouraged early inactivity, and concern over the Mexican rescue package made its impact later as Wall Street lost ground.
FRANKFURT finished at its

low for the day, the Ibis-indicated Dax index closing the post bourse at 2,026.68 after a ssion gain of 3.33 at 2,035.03. Turnover fell from DM5.9hn to DM5.1hn. KHD's problems, which soured the market last Friday, were manifest in a DM60m net loss for 1994 and

the engineer's need for a financial rescue operation. But the shares stayed suspended and Deutsche Bank, KHD's higgest shareholder with outside estimates of its exposure running at DM500m, actually rose DM1.10 to DM690.60.

The day's hig winners included the retail sector. where Douglas rose DM16.20 to DM440.20 and Karstadt DM8 to DM550 just three weeks after a savage earnings downgrade by DB Research. Mr Glen Liddy of Kleinwort Benson said KB was still quite cautious about the outlook for retailers, concen-

range in light turnover, the CAC-40 index closing 0.70 lower at 1,813.43. In the automotive sector there was high volume in Michelin, which lost FFr1.50 at

Karstadt

570 A

560

550

530

27th Dec 94

ery in 1996.

Source: FT Grantide

trating on this year's difficul-

ties instead of potential recov-

In tilities, Viag advanced DM7 to DM495.50. The com-pany might be getting its sec-ond wind, said Mr Liddy, again

three weeks after it rose in response to a joint stack, with

BT, of the UK, on the German

lecommunications market.

PARIS moved in a narrow

Share price (perice)

Renault managed an 80-cantime rise to FFT171.80.

mended the tyre group as a huy given the high level of sales in 1994 and good prospects for the months ahead. It said that the stock was undervalued, having underper-formed tha CAC-40 index hy some 13 per cent since the beginning of July. "The 1996 ple of 7.3 times is still significantly below a normal, top of the cycle p/e of around 10 times, suggesting a potential upside of around 20 per cent relative to the market."

FFr204.50, while Peugeot dipped FFr7 to FFr701 and Valeo FFr4.20 to FFr248.80;

Two contrasting opinions on Michalin were published in the last few days. Paribas recom-

suggested that the fall in the share price over the last few months had laft investors looking for a bounce. Recom-mending a sell it expected a disappointment in earnings recovery. "Recent cost pressures from raw material price increases have been slow to be reflected in tyre prices, and recently announced tyre price increases do no more than match cost movements," tha hrokar commented. "The

moved forward Y200 to Y1,330.

In Osaka, the OSE average

FOMC today.

by a thin market.

Promet, the Malaysian engi-

neering group, gained 9 cents

at S\$1.22 in activa business

after the company announced

Nomura was hearish, and

FT-SE Actuaries Share Indices THE EUROPEAN SERIES 13.00 14.00 15.00 Close 11,00 12.00 Hourty changes 10.30 FT-SE Eurobrack 100 1304.33 1396.22 1304.90 1304.97 1304.08 1304.57 1304.02 1304.04 FT-SE Eurobrack 200 1365.70 1366.55 1365.94 1364.29 1363.48 1363.41 1362.66 1363.04 Jan 24 Jan 26 Jan 25 Jan 27 FT-SE Eurotrack 100 FT-SE Eurotrack 200 1307.52 1370.19 1308.10 1365.94 1299.33 1353.78

industry, in the words of a competitor, has 'its back to the wall', and we see no reason for this to change in the near

Among non-CAC 40 stocks, Eridania Béghin-Say, the Fran-co-Italian agri-Industrial group, put on FFr19 or 2.7 per cent at FFr709, helped hy huying head of its 1994 results. Hoare Govett noted that while the results were likely to be flat. the group should see a return sustained earnings growth of around 10 per cent over the next two fiscal years".

MILAN was still unsura whether the new government has the necessary support for its planned reforms. The Comit index shed 3.27 to 662.44.

Montedison fell L39 to L1,271 in heavy volume of 47.8m shares and its parent, Ferruzzi Finanziaria, by L15 to L1,201

that it had won a \$68m pipeline

after Montedison said at a presentation to fund managers on Friday that the two had no plans for a merger. Montedison also forecast a flat net result after minorities for 1994, which was below expectations. Olivetti turned back from an

early high of L2,070 to finish L17 lower at L2,011, with the early boost coming in response to the denial that a capital increase was planned. Repeated rumours last week that one was on the way helped to knock 5 per cent off Olivetti's share price, but on Friday, Omnitel, its partly owned mobile telephone company, said it planned to raise some L1,600bn in loans.

Fiat finished L17 lower at L6,532, off a high of L6,620. Mr Gianni Agnelli's annual letter to shareholders, giving a broad outline of the past financial

ZURICH was easier in slack trade, the SMI index falling 8.4 to 2,540.2. Among cyclicals. to 2,540.2. Among cychael Georg Fischer added SFr50 at SFr1,495 on a huy recommen-dation by Bank Vontohel, which was also said to be a

huyer of the stock Oerlikon-Bührle, released higher 1994 sales figures after the bourse closed, hut said that it had not yet decided whether to resume the dividend, was down SFr1.50 at

AMSTERDAM barely moved, the AEX index finishing off 0.61 at 411.85. Unilever continued to perform, climbing Fl 1.10 to Fl 201.90.

BUDAPEST hit an 18-month low on the weekend resignation of Hungary's finance minister Mr Laszio Bekesi, the Bux index closing 69.41 or 5.5 per cent lower at 1,183.45.

WARSAW dropped to new 1994-95 lows for the second session running, the Wig index losing 120.9 or 1.8 per cent at 6,462.1 as turnover, ominously, increased by 43 per cent to 30 7m zlotvs.

Written and edited by William Cochrane, John Pitt and Michael

Nikkei surges 3.6% after Sumitomo Bank write-offs

Tokyo

Last Friday's bad debt writeoffs by Sumitomo Bank gave a psychological boost to investor confidence and the Nikket index surged 3.6 per cent on active buying, writes Emiko Terazono in Tokyo.

The 225 average rose 648.53 to 18,752.88 in volume of 650m shares, the largest since June last year. Sumltomo Bank advanced Y270 to Y1,880 and prompted broadly based buying of financial stocks, while individuals continued to purchase shares linked to the reconstruction of Kobe"

The index opened at the day's low of 18.137.27 and jumped to a high of 18,818.51 in the early afternoon. While overseas profit-taking eroded some of the gains, buying by domestic investors supported sbare prices throughout the

The Topix index of all first section stocks moved ahead 53.63 or 3.8 per cent to 1,466.46 and the Nikkel 300 added 10.94 or 4.2 per cent at 269.54. Gainers overwhelmed losers by 840 to 242, while 95 issues were unchanged London dealings extended

Tokyo's bumper returns, the ISE/Nikkei 50 index rising another 17.87 or 1.5 per cent to 1.222.81. The sdvance, said dealers, pointed to a 300-point gain in Tokyo today. Short-covering in banks

prompted a surge in financials. Reports that Sumitomo would write off Y800bn in had loans and post a loss for the current year, the first ever for a Japanese bank in the post Second World War era, indicated a shift in the bank's method of dealing with the problem. Taisei Prefah Construction

Japan Nikkei 225 Average 20,000 18,500 18,500 18,000 17,500 4 Jan 1995

Source: FT Graphite

investors, expecting other banks to follow suit, bought across the whole sector. Mitsubishi Bank appreciated Y280 to Y2,370 and Industrial

Bank of Japan climbed Y300 to Y2,680. Buying spread to the property sector on bopes of a faster resolution of the bad loan problems at the banks. Mitsui Fudosan rose Y101 to Y1.080 and Sumitomo Realty and Development sdded Y100

Meanwhile, individual inves tors continued to purchase stocks related to the rebuilding of infrastructure and houses in the areas damaged by the Kobe eartbquake. Construction, steel, and cement stocks led activity. Aoki, the most active issue of the day, jumped Y100 to Y623, Obayashi gained Y96 at Y842 and Nippon Steel rose Y8 to Y370.

Misawa Homes, the prefabri-

cated housing maker, put on Y200 at Y1,250 on reports that, due to the light weight of their walls, none of the compa ny's steel structured prefab houses in the Kobe region were damaged by the earthquake.

S African golds lose 5.2%

after a drop in gold hullion and on renewed worries about developments in the Latin American emerging markets. Early falls had followed steep losses for South African ADRs in New York nn Friday.

Johanneshurg's declines weaker at 5,092.1, industrials accelerated in the afternoon ended 59.8 down at 8.271.9 and golds fell 82.1 or 5.2 per cent to 1,495.2.

De Beers finished R2 off at R85.50 and Anglos was R5 cheaper at R90. Gold Fields fell R6 to R92. However, foreign demand took Barlows 50 The overall index was 70.9 cents higher to R31.50.

VATIONAL AND REGIONAL MARKETS	US	Co.'s	- FRID	WAL YA	ARY 27	1995	Local	Gruss	US T	HURSDAY Pound	JANUAF	Y 26 19	S5		LLAR IN	DEX Year
igures in perentheses	Dollar	Day's Change			DM	Currency		Olv.	Dolar	Sterland	Yen	OM	Currency .	52 warms !		
how number of lines		Change 4	Sterang	Yen	Index	Index	on day	Yield	Index	Index	Index	Index	Index	High		(emblook)
f stock	Index		Index	Index	noex	WIGHT	Or Gay	Tie	индех	INCHE	чисех	RECRUA	писк	regri	LOW	(ethbrost)
wstraßa (68)	165.37	0.3	153.99	103.59	129.98	144.24	0.6	4.00	164,93	153.61	103.60	129.88		189.15	151.27	179.50
	1102.	0.2	163,30	109.85	137,84	137.73	-0.1	1,16	175.09	163.06	109.98	137.87	137.93	198.99	167.45	190.0
-t-t-m (25)	[[00.5]	0.4	156.96	105.59	132.49	129.61	0.2	4,26	167.91	156 38	105.47	132 22		1,77,04	151.53	166.2
		-3.2	133.45	89.77	112.64	222.77	-3.0	1,01	148.05	137.89	93.00	116.59	223.74	-	-	
		-1.4	115.14	77.46	97.19	126.68	-1.2	2.73	125.38	116.76	78.76	98.73	128.32	143.28	120.54	140.3
enmark (33)	252.84	1.2	235.26	158 26	198.58	205.20	1.1	1 45	249.65	232.51	156.82	196.59	302.93	275.79	236.61	268.2
niand (24)	186.55	0.9	173.72	116.86	146.63	184.92	0.6	0.75	184,89	172.16	116.14	145.59	183.79	201.41	133.69	145.5
misna (24)	160.51	-0.6	149.47	100.55	126.16	132.14	-0.4	3.25	161.48	150.40	101 44	127.10	130.72	185,37	157.79	176.9
rance (102)	140.76	0.2	131.08	88.16	110.64	110.64	0.0	1.88	140.53	130.88	68.28	110.66		150.40	125.37	132.0
lemany (98)	290.53	0.4	270 55	182.00	228.37	288.44	0.4	4.34	289.43	269.56	161.61	227.92		493.01	277.40	469 8
long Kong (50)	210.50	-0.4	196.02	131.86	165.46	188.46	-0.3	3.32	211.33	195.82	132.75	166.42		216.60	177.56	203.0
elend (16)	60.17	-03	74.66	50.22	63.02	95.77	-0.2	1.62	30.39	74.67	50.50	63.31	95.94	97.78	87.25	71.0
aly (59)	142.30	0.1	132.52	39.14	111.68	89.14	-0.2	0.85	142.17	132.41	89.30	111.95	89.30	170.10	139.45	140.8
aly (59) apen (484)	418.90	0.4	390.09	262.41	329.27	412.61	0.4	2.04	417.32	388.43	262.02	323,48	411.01	594.76	398.10	487.3
		-1.6	976 61	856.96	824.34	6449.93	-2.6	1.59	1066.10	932.92	569.88	839 52		2647.08	1025.59	
		0.7	206.61	138.98	174.40	171.61	0.6	3.37	220,35	205.22	138.41	173.52		223.35	191.28	201.8
		1.2	67.61	45.48	57.07	60.21	1.4	4 95	71.73	86.81	45.06	56.42	59.37	77.59	82.05	72.2
		1.0	198.19	133.32	167.29	191.38	0.9	1.81	210.65	196.19	132.32	165.88	189.58	214.66	177.53	198.6
		1.9	312.68	210.34	263.93	224.60		191	329.57	306.95	207.02	259.53	220,60	401 38	294.58	
		0.6	272.88	183.57	230.34	259.40	1.8	2.57	290.62		182.56	228.85				340.0
		0.8	121 64	61.83	102.87	130.21	-0.1 0.2	4.45	130.17	270 67 121.23	61.77	102.51		342.00	205.55	254,4
		0.5	271.79	146.13	187 21	262.53						186.72		156.79	124 87	151.0
		0.0	152 97		129.12	129.48	0.3	1.49	237.11	220 83	148.94			242.81	196.70	221.9
				102.91			-03	1.88	184.33	153.05	103.22	129.40	129.88	178.55	149.91	169.9
helizariand (46)	135_4	0.1	125.84	84.72	196 31 153.41	131.54	0.1	3.01	135.05	125 78	84.83	106.35	131.45		-	
helland (46)	195.15	05	181.74	122.26		161.74	0.5	4,25	184.24	180.91	122 02	152.86	180,91	2196	181 11	709.5
EA (513)		0.S	179.42	120.70	151.45	192.68	0.5	2.90	191.73	178.57	120.44	150.99	191,73	196 04	178.95	194.0
merican (962)	177.17	0.3	164,98	110.98	139 26	148.61	0.3	2.86	176.55	164 44	110.90	139.00	148.09	_	_	
mericae (723)	169.17	0.2	157 53	105.97	132.97	148.09	0.2	3.15	168.60	157.21	106.03	132.92	147.83	178.58	167.59	173.2
urope (723)	228.80	0.5	213.06	143.32	179.84	213.60	0.6	1.39	227.18	211.58	142.70	178.90	21237	233.91	197.70	213.2
tordic (126)		0.2	138.67	93.41	117,22	97.48	-0.1	1.25	148.88	138,66	93.52	117.24	97.51	176.86	145.33	153.8
PORC BOSH (COO)	_157.38	2.2	146.56	98.59	123.71	117.01	0.0	2.10	157.09	146.30	98 67	123 70	118.96	175 14	154.73	161.7
IKO-PROTIS (IDOM)	188.40	0.4	175.44	118.02	149.09	188.19	0.4	2.89	187.62	174.74	117.25	147.75	137.40	192.73	175.67	190.7
locth America (ord)	151.50	0.1	141.06	94.91	119.08	128.12	0.0	2.51	151.39	141.00	95.10	119.21	128.13	158.12	144.12	150.6
TODE CK. CO.	217 48	0.5	202.52	136.23	170.94	191.16	0.7	3.50	216.30	201.45	135.87	170.33	183,93	291.75	211.19	276.8
acrile Ex. Japan	167 87	0.1	147.01	98.90	124,09	120.13	0.0	2.11	157.68	146.85	99.05	124.17	120.17	176.65	156 42	163.7
Harid Ex. US market	165.66	0.2	154,27	103.78	130.22	137.68	0.1	2.20	165.27	153.93	103.82	130.15		178.59	183.46	
world Ex UK (2040)	193 30	0.2		115.07	144.39	173 85	0.3	3.01	183.11	170.54	115.GZ	144.19	173.34			169.3
		- 03	171.06	112.07							*10.02		1/3.34	195.20	176,34	191.2
he World Index (2253)	168.25	0.3	156 87	105.39	132.25	141.61	0.2	2,40	167,81	156.29	105.41	132,15	141.58	180 80	165.92	172.B

FT-ACTUARIES WORLD INDICES

HONG KONG closed an abbreviated session higher, mse 523.34 to 20.678.34 in volume of 139.8m shares. although investors were cau-Roundup tious ahead of the holidays. The Hang Seng index rose 45.53 session. The NZSE-40 index Activity in the region was generally muted ahead of this to 7,342.65, having earlier overweek's Chinese new year holi-

deal in Pakistan

come a near 30-point loss.
SYDNEY closed broadly day and the meeting of the US lower on selling of resources issues because of lower metal SINGAPORE finished its holprices. The All Ordinaries iday shortened trading day on index lost 5.9 at 1,856.7 in light strong note, encouraged by treding, with an estimated Tokyo's rally. The Straits Times Industrial index closed A\$280m of stock traded.

Friday's fall in the price of gold, along with other base 48.36 or 2.4 per cent higher at 2,083.36, the rise exaggerated metal prices such as copper, prompted sailing of leading Singapore Press foreign shares ross S\$2.10 to S\$24.90 mining issues from the start of trading. The golds index retreated 2 per cent. and SIA by 70 cents to S\$8.80.

NAB eased 8 cents to A\$10.40 as some brokers recommended switching to other stocks in the banking sector. ANZ firmed 7 cents to A\$4.21 and Westpac 3 cents to A\$1.53.
WELLINGTON saw 8 strong performance by Telecom, up 14 cents at NZ\$5.49, lift the market for the third consecutive

gained 23.14 at 1,966.02 in modest turnover of NZ\$23.6m. Brokers believed that interest in Telecom came ahead of the publication of its results early next month.

BANGKOK's turnover of Bt1.74bn was the lowest since April 1993 as the SET index put on 11.01 at 1,225.79 on institutional, largely domestic, blue chip brying. Last week the SEC approved three new funds with an initial combined value of Bt5.6bn, in an effort to offset weakness in the equity market.

KARACHI was lifted above the 1,800 level on the KSE 100share index by short-covering among speculative stocks. The

index rose 19.16 or 1 per cent to

1,802.56. Local brokers remarked that, in spite of the rise, sentiment

MANILA firmed on buying of major issues and the composite index ended 15.68 higher at

2.419.64. Tha commercial-industrial sector, led by bank stocks, was the most active of the subindices. Turnover thinned to 640.4m pesos from 1.16bn pesos. BOMBAY saw renewed demand by domestic mutual funds, two days after the gov-ernment lifted its ban on futures and options trading.

69.98 or 2 per cent to 3,575.79. Brokers said foreign mutual funds had toned down their selling pressure and they forecast that the index was likely to recover a further 50 to 70 points in the next two days.

3

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and the BSE-30 index climbed

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